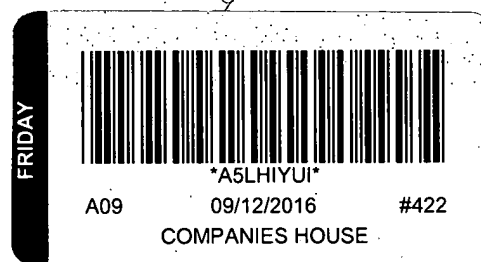


COMPANY REGISTRATION NUMBER: 00716921

HOME HARDWARE SOUTHWEST LIMITED

FINANCIAL STATEMENTS

30 JUNE 2016



HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

COMPANY INFORMATION

Directors

Mr D C Adams
Mr M B Elliott
Mr S L Davey
Mr N G Pedlar
Mr C M Blanchard
Mr I Follett (resigned 13 November 2015)
Mr R W Watson
Mrs A M Serret
Mrs B Grills
Mr A Lyne
Mr J Mayo (appointed 13 November 2015)

Secretary

Mr S L Davey

Company number

00716921

Registered office

Upcott Avenue
Pottington Business Park
Barnstaple
Devon
EX31 1NZ

Business address

Upcott Avenue
Pottington Business Park
Barnstaple
Devon EX31 1NZ

Auditors

Thomas Westcott
96 High Street
Ilfracombe
Devon
EX34 9NH

Bankers

NatWest Bank plc
41 High Street
Barnstaple
Devon EX31 1DA

Solicitors

Ashfords
Ashford House
Grenadier Road
Exeter
EX1 3LH

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

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HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STRATEGIC REPORT
YEAR ENDED 30 JUNE 2016

Business review

The year ended 30th June 2016 was a more challenging period for all three businesses, particularly Home Hardware Distribution following the loss of some key accounts due to store closure in the early part of the year. Reduced net results were recorded for all three companies, however a group profit was still achieved for the year.

We have continued to invest in our marketing programmes and infrastructure in order that we can continue to provide the best possible service levels and retail support to our members and customers.

Our ongoing success could not be achieved without the support and loyalty of our retail members for which we are very grateful. We also recognise the important role the service and support of our suppliers fulfils in helping us meet the needs of our members.

Finally, we thank the staff for their vital contribution to the results. Their hard work and loyalty is much appreciated.

The performance of the group is detailed in the statement of comprehensive income on page 7. The directors report turnover of £29,736,240 (2015 - £30,568,367). Profit for the year after tax was reported as £122,999, this year compared to a prior year profit after tax of £308,780.

The directors are satisfied with the performance of the company during this period.

The net assets of the group as at 30 June 2016 are shown on page 8-9 and show a position of £3,317,579 compared to a net position of £3,190,080 as at 30 June 2015.

Particulars of dividends paid and proposed are detailed in the notes to the financial statements.

Principal risks and uncertainties

The directors consider the principle risks of the business to be the information technology systems and credit risk and the necessary steps to mitigate them are as follows:

The company's trade and in particular sales and purchase ledger processing is heavily dependent upon its computer systems. These systems are supported by a combination of in house staff familiar with operational issues and external IT specialists under formal contracts. This is supported by off site data backup routines which would enable systems to be up and running within an acceptable time scale if required.

Mallett & Son Ltd's electronic point of sale system makes it heavily dependent upon its computer systems. These systems are supported by a combination of in house staff familiar with operational issues and external IT specialists under formal support contracts. This is supported by off site backup routines which would enable systems to be up and running within an acceptable time scale if required.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STRATEGIC REPORT (CONTINUED)
YEAR ENDED 30 JUNE 2016

The group has ongoing formal systems to manage its exposure to credit risk from members. Amounts not received within normal trading terms are carefully monitored by the relevant staff and officers and are regularly reviewed in detail by the board of directors. In preparing the accounts full provision is made for debts considered irrecoverable.

Environmental and Social matters

Information about environmental matters, the company's employees, social community and human rights issues has not been provided as the directors do not believe that this is fundamental to gain an understanding of the business.

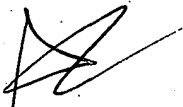
Financial instruments

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are conducted in sterling. The company does not enter into hedging transactions.

Directors

Of the eleven Company Directors, nine are male and two female.

This report was approved by the board of directors on 22 September 2016 and signed on behalf of the board by:



S L Davey
Director

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

DIRECTORS REPORT
YEAR ENDED 30 JUNE 2016

The directors present their report and the financial statements of the company for the year ended 30 June 2016.

Directors

The directors who served the company during the year were as follows:

		Class of share	30/06/16	01/07/15 or appointment date
D C Adams	Chairman	Ordinary "A" shares	1,500	1,500
		Ordinary "B" shares	9,555	9,555
M B Elliott	Chief executive officer	Ordinary "A" shares	1,500	1,500
		Ordinary "B" shares	9,060	9,060
S L Davey	Finance director	Ordinary "A" shares	-	-
N G Pedlar		Ordinary "A" shares	1,500	1,500
C M Blanchard		Ordinary "B" shares	50,748	50,748
		Ordinary "A" shares	1,500	1,500
I Follett	(resigned 13 November 2015)	Ordinary "B" shares	19,005	19,005
		Ordinary "A" shares	-	1,500
R W Watson		Ordinary "A" shares	1,500	1,500
A M Serret		Ordinary "A" shares	1,500	1,500
B Grills		Ordinary "B" shares	29,115	29,115
		Ordinary "A" shares	1,500	1,500
A Lyne		Ordinary "A" shares	1,500	1,500
J Mayo	(appointed 13 November 2015)	Ordinary "A" shares	1,500	1,500

Dividends

The directors do not recommend the payment of a dividend.

Remuneration policy for Executive Directors

There is a duly appointed sub-committee of the non executive members of the Board, which is responsible for the policy on executive directors pay and remuneration. It recommends the actual levels of all elements of the remuneration of all Executive Directors of the Company to the full Board for approval.

The committee aims to ensure that the Executive Directors are rewarded for their contribution to Home Hardware and are motivated to enhance service to members and returns to shareholders. The executive remuneration is formally reviewed periodically taking into account factors such as market conditions, affordability, the level of increases awarded to staff generally and the individual's contribution.

The Committee intends that the remuneration, both in terms of base salary and total remuneration should be competitive by reference to the individual experience and qualifications of the executive concerned, the role fulfilled, internal relatives and the market in which the company competes. This is designed to encourage business success through the retention and motivation of the executives.

DIRECTORS REPORT (CONTINUED)
YEAR ENDED 30 JUNE 2016

Statement of directors responsibilities

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 22 September 2016 and signed on behalf of the board by:



S L Davey
Director

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HOME HARDWARE SOUTHWEST LIMITED
YEAR ENDED 30 JUNE 2016

We have audited the financial statements of Home Hardware Southwest Limited for the year ended 30 June 2016 which comprise the group statement of comprehensive income, the group and company statement of financial position, the group and company statement of changes in equity, the group statement of cash flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require Directors responsibilities to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors report and the Strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the directors affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

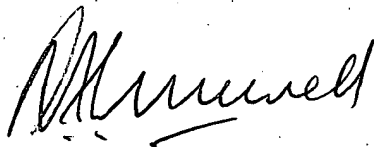
HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HOME HARDWARE SOUTHWEST LIMITED (CONTINUED)
YEAR ENDED 30 JUNE 2016

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and the returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Stephen Cresswell BA FCA DChA (Senior Statutory Auditor)

For and on behalf of
Thomas Westcott
Chartered Accountants and Statutory Auditors
96 High Street
Ilfracombe
Devon
EX34 9NH

22 September 2016

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2016

		2016	2015
			(restated)
	Note	£	£
Turnover	3	29,736,240	30,568,367
Cost of sales		(23,743,533)	(24,369,943)
Gross profit		<u>5,992,707</u>	<u>6,198,424</u>
Distribution costs		(2,191,631)	(2,190,028)
Administrative expenses		(3,968,111)	(3,955,848)
Other operating income	4	397,531	410,692
Operating profit	5	<u>230,496</u>	<u>463,240</u>
Other interest receivable and similar income	9	23,944	24,924
Other interest payable		(60,626)	(66,302)
"B" dividend classed as finance charge		(33,392)	(33,392)
Profit on ordinary activities before taxation		<u>160,422</u>	<u>388,470</u>
Tax on profit on ordinary activities	11	(37,423)	(79,690)
Profit for the financial year		<u><u>122,999</u></u>	<u><u>308,780</u></u>
Non-controlling interests		(18,141)	(69,686)
Total comprehensive income for the year		<u><u>104,858</u></u>	<u><u>239,094</u></u>

All the activities of the company are from continuing operations.

The notes on pages 16 to 40 form part of these financial statements.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STATEMENT OF FINANCIAL POSITION
30 JUNE 2016

Group	Note	2016		2015 (restated)	
		£	£	£	£
Fixed assets					
Intangible fixed assets	14	32,747		42,107	
Tangible assets	15	1,474,767		1,365,242	
Fixed asset investments	16	14,850		14,850	
			1,522,364		1,422,199
Current assets					
Stocks	18	4,561,759		4,985,396	
Debtors	19	4,291,353		4,047,938	
Cash at bank and in hand	20	9,039		6,678	
		8,862,151		9,040,012	
Creditors: amounts falling due within one year	21	(5,090,202)		(5,295,112)	
Net current assets			3,771,949		3,744,900
Total assets less current liabilities			5,294,313		5,167,099
Creditors: amounts falling due after more than one year					
Other loans		(1,440,676)		(1,452,407)	
"B" shares classed as financial liabilities		(418,155)		(418,155)	
	22		(1,858,831)		(1,870,562)
Provisions for liabilities	25		(117,903)		(106,457)
Net assets			3,317,579		3,190,080
Capital and reserves					
Called up share capital	28	328,350		323,850	
Revaluation reserve	29	140,178		141,500	
Capital redemption reserve	29	43,221		41,721	
"B" reserve	29	1,006,167		955,988	
Non-controlling interest	29	752,395		734,254	
Profit and loss account	29	1,047,268		992,767	
Shareholders funds			3,317,579		3,190,080

The notes on pages 16 to 40 form part of these financial statements.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STATEMENT OF FINANCIAL POSITION
30 JUNE 2016

These financial statements were approved by the board of directors and authorised for issue on 22 September 2016, and are signed on behalf of the board by:



D C Adams
Director



M B Elliott
Director

Company registration number: 00716921

The notes on pages 16 to 40 form part of these financial statements.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STATEMENT OF FINANCIAL POSITION
30 JUNE 2016

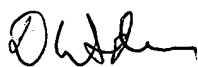
Company	Note	2016		2015 (restated)	
		£	£	£	£
Fixed assets					
Intangible fixed assets	14	32,747		42,107	
Tangible assets	15	885,065		900,373	
Fixed asset investments	16	1,411,344		1,411,344	
			2,329,156		2,353,824
Current assets					
Stocks	18	6,029		9,595	
Debtors	19	5,194,660		4,771,237	
Cash at bank and in hand	20	1,924		934	
		5,202,613		4,781,766	
Creditors: amounts falling due within one year	21	(4,153,423)		(3,800,371)	
Net current assets			1,049,190		981,395
Total assets less current liabilities			3,378,346		3,335,219
Creditors: amounts falling due after more than one year					
Other loans		839,501		917,720	
"B" shares classed as financial liabilities		418,155		418,155	
	22		(1,257,656)		(1,335,875)
Provisions for liabilities	25		(38,989)		(41,481)
Net assets			2,081,701		1,957,863
Capital and reserves					
Called up share capital	28		328,350		323,850
Revaluation reserve	29		140,178		141,500
Capital redemption reserve	29		43,221		41,721
"B" reserve	29		1,006,167		955,988
Profit and loss account	29		563,785		494,804
Shareholders funds			2,081,701		1,957,863

The notes on pages 16 to 40 form part of these financial statements.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STATEMENT OF FINANCIAL POSITION
30 JUNE 2016

These financial statements were approved by the board of directors and authorised for issue on 22 September 2016, and are signed on behalf of the board by:



D C Adams
Director



M B Elliott
Director

Company registration number: 00716921

The notes on pages 16 to 40 form part of these financial statements.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2016

	Called up share capital £	Reval'n reserve £	Capital redem'n reserve £	Profit and loss account £	"B" reserve £	Total s'holders equity £	Non- controlling interests £	Total equity £
Group								
At 1 July 2014	298,350	142,822	41,721	802,530	905,809	2,191,232	664,568	2,855,800
(Loss)/profit for the year	-	-	-	308,780	-	308,780	-	308,780
Other comprehensive income for the year:								-
"B" reserve transfer	-	-	-	(50,179)	50,179	-	-	-
Revaluation transfer	-	(1,322)	-	1,322	-	-	-	-
Non-controlling interest	-	-	-	(69,686)	-	(69,686)	69,686	-
Total comprehensive income for the year	-	(1,322)	-	190,237	50,179	239,094	69,686	308,780
Shares issued	25,500	-	-	-	-	25,500	-	25,500
Total investments by and distributions to owners	25,500	-	-	-	-	25,500	-	25,500
At 30 June 2015	<u>323,850</u>	<u>141,500</u>	<u>41,721</u>	<u>992,767</u>	<u>955,988</u>	<u>2,455,826</u>	<u>734,254</u>	<u>3,190,080</u>
(Loss)/profit for the year				122,999		122,999	-	122,999
Other comprehensive income for the year:								-
"B" reserve transfer	-	-	-	(50,179)	50,179	-	-	-
Revaluation transfer	-	(1,322)	-	1,322	-	-	-	-
Non-controlling interest	-	-	-	(18,141)	-	(18,141)	18,141	-
Total comprehensive income for the year	-	(1,322)	-	56,001	50,179	104,858	18,141	122,999
Shares issued	6,000	-	-	-	-	6,000	-	6,000
Shared redeemed	(1,500)	-	1,500	(1,500)	-	(1,500)	-	(1,500)
Total investments by and distributions to owners	4,500	-	1,500	(1,500)	-	4,500	-	4,500
At 30 June 2016	<u>328,350</u>	<u>140,178</u>	<u>43,221</u>	<u>1,047,268</u>	<u>1,006,167</u>	<u>2,565,184</u>	<u>752,395</u>	<u>3,317,579</u>

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2016

	Called up share capital £	Reval'n reserve £	Capital redem'n reserve £	Profit and loss account £	"B" reserve £	Total s'holders equity £
Company						
At 1 July 2014	298,350	142,822	41,721	384,759	905,809	1,773,461
(Loss)/profit for the year	-	-	-	158,902	-	158,902
Other comprehensive income for the year:						
"B" reserve transfer	-	-	-	(50,179)	50,179	-
Revaluation transfer	-	(1,322)	-	1,322	-	-
Total comprehensive income for the year	-	(1,322)	-	110,045	50,179	158,902
Shares issued	25,500	-	-	-	-	25,500
Total investments by and distributions to owners	25,500	-	-	-	-	25,500
At 30 June 2015	323,850	141,500	41,721	494,804	955,988	1,957,863
(Loss)/profit for the year				119,338		119,338
Other comprehensive income for the year:						
"B" reserve transfer	-	-	-	(50,179)	50,179	-
Revaluation transfer	-	(1,322)	-	1,322	-	-
Total comprehensive income for the year	-	(1,322)	-	70,481	50,179	119,338
Shares issued	6,000	-	-	-	-	6,000
Shared redeemed	(1,500)	-	1,500	(1,500)	-	(1,500)
Total investments by and distributions to owners	4,500	-	1,500	(1,500)	-	4,500
At 31 December 2015	328,350	140,178	43,221	563,785	1,006,167	2,081,701

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2016

	2016	2015
	£	£
Cash flows from operating activities		
Profit for the financial year	122,999	308,780
<i>Adjustments for:</i>		
Depreciation of tangible assets	154,687	154,766
Amortisation of intangible assets	9,360	9,360
Other interest receivable and similar income	(23,944)	(24,924)
Interest payable and similar charges	94,018	99,694
Tax on profit on ordinary activities	37,423	79,690
Accrued expenses/(income)	69,791	10,804
<i>Changes in:</i>		
Stocks	423,637	(511,460)
Trade and other debtors	(243,415)	(72,048)
Trade and other creditors	(143,327)	161,089
Cash generated from operations	501,229	215,751
Interest paid	(94,018)	(99,694)
Interest received	23,944	24,924
Tax paid	(88,350)	(89,822)
Net cash from operating activities	<u>342,805</u>	<u>51,159</u>
Cash flows from investing activities		
Purchase of tangible assets	(264,212)	(132,600)
Purchase of other investments	-	(2,400)
Net cash used in investing activities	<u>(264,212)</u>	<u>(135,000)</u>

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED 30 JUNE 2016

		2016	2015
		£	£
Cash flows from financing activities			
Proceeds from issue of ordinary shares		6,000	25,500
Purchases to acquire or redeem own shares		(1,500)	-
Proceeds from borrowings		(78,209)	23,787
Payment of finance lease liabilities		77,548	(29,432)
Net cash from financing activities		<u>3,839</u>	<u>19,855</u>
Net increase/(decrease) in cash and cash equivalents		82,432	(63,986)
Cash and cash equivalents at beginning of year	20	<u>(1,010,692)</u>	<u>(946,706)</u>
Cash and cash equivalents at end of year	20	<u><u>(928,260)</u></u>	<u><u>(1,010,692)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

1. **Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. **Accounting policies**

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 July 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 35.

Consolidation

The group financial statements consolidate the accounts of Home Hardware South West Limited and its subsidiary undertakings made up to 30 June each year; the group comprehensive income includes the results of the subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal.

Turnover and profits arising on trading between group companies are excluded.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within bank borrowings or current liabilities.

Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if the party has the ability, directly or indirectly, through one or more intermediaries, to control the Group or exercise significant influence over the group in making financial and operating policy decisions, or has joint control over the group; the Group and the party are subject to common control; the party is an associate of the Group or a joint venture in which the Group is the venturer, the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such individuals; or the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	15 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	Straight line over 50 years
Long leasehold property	-	Straight line over life of lease
Plant and machinery	-	10% to 33% straight line
Fittings fixtures and equipment	-	10% to 33% straight line
Motor vehicles	-	25% reducing balance

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

HOME HARDWARE SOUTHWEST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

3. Turnover

Turnover arises from:

	2016	2015
	£	£
Warehouse sales	16,298,739	16,963,333
Direct sales	10,787,459	10,954,658
Retail sales	2,650,042	2,650,376
	<u>29,736,240</u>	<u>30,568,367</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. Other operating income

	2016	2015
	£	£
Rental income	13,536	13,076
Promotional and development levy	340,991	350,396
Other operating income	43,004	47,220
	<u>397,531</u>	<u>410,692</u>

5. Operating profit

Operating profit is stated after charging/(crediting):

	2016	2015
	£	£
Amortisation of intangible assets	9,360	9,360
Depreciation of tangible assets	154,687	154,766
Operating lease rentals	620,688	621,459
Foreign exchange differences	2,664	5,493
Defined contribution plans expense	108,059	109,021
Fees payable for the audit of the financial statements	<u>19,575</u>	<u>18,615</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

6. Auditors remuneration

	2016 £	2015 £
Fees payable to Thomas Westcott		
Fees payable for the audit of the financial statements	<u>19,575</u>	<u>18,615</u>
Fees payable to the company's auditor and its associates for other services:		
Accountancy and payroll	<u>7,556</u>	<u>9,319</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016	2015
Distribution, sales and administration	150	154
Directors	3	3
Non executive directors	8	7
	<u>161</u>	<u>164</u>

The aggregate payroll costs incurred during the year were:

	2016 £	2015 £
Wages and salaries	3,078,881	3,060,083
Social security costs	238,651	250,134
Other pension costs	<u>108,449</u>	<u>112,342</u>
	<u>3,425,981</u>	<u>3,422,559</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	259,116	270,176
Company contributions to pension schemes	74,290	81,437
	<u>333,406</u>	<u>351,613</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	Number	Number
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid directors in respect of qualifying services:

	2016	2015
	£	£
Aggregate remuneration	125,305	128,831
Company contributions to pension plans	43,236	46,884
	<u>168,541</u>	<u>175,715</u>

9. Other interest receivable and similar income

	2016	2015
	£	£
Bank deposits	55	54
Other interest receivable and similar income	23,889	24,870
	<u>23,944</u>	<u>24,924</u>

10. Interest payable and similar charges

	2016	2015
	£	£
Bank loans and overdrafts	40,356	13,124
Finance leases and hire purchase contracts	4,657	3,764
Finance charges on shares classed as financial liabilities	33,392	33,392
Other interest payable and similar charges	15,613	49,414
	<u>94,018</u>	<u>99,694</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

11. Tax on profit on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	24,356	86,729
Adjustments in respect of previous periods	1,621	498
Total UK current tax	25,977	87,227
Total current tax	25,977	87,227
Deferred tax:		
Origination and reversal of timing differences	11,446	(7,537)
Tax on profit on ordinary activities	<u>37,423</u>	<u>79,690</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%).

A reconciliation is given below:

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>160,422</u>	<u>388,470</u>
Profit on ordinary activities by rate of tax	32,084	80,608
Adjustments in respect of prior periods	1,621	498
Effect of expenses not deductible for tax purposes	1,469	8,730
Effect of capital allowances and depreciation	100	(9,631)
Utilisation of tax losses	1,449	-
Short term timing differences	700	590
Effect of change in tax rates	-	(1,105)
Tax on profit on ordinary activities	<u>37,423</u>	<u>79,690</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

12. Profit for the year attributable to shareholders

As permitted by Section 408 of the Companies Act 2006 the Profit and Loss Account of Home Hardware South West Limited has not been presented with the financial statements.

The results after taxation of the parent undertaking showed a profit of £119,338 (2015 - £157,202).

13. Dividends

Equity dividends

	2016	2015
	£	£
Dividends proposed before the year end and recognised as a liability	<u>33,392</u>	<u>33,392</u>

14. Intangible assets

	Goodwill
	£
Group and company	
Cost	
At 1 July 2015 and 30 June 2016	<u>140,351</u>
Amortisation	
At 1 July 2015	98,244
Charge for the year	9,360
At 30 June 2016	<u>107,604</u>
Carrying amount	
At 30 June 2016	<u>32,747</u>
At 30 June 2015	<u>42,107</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

15. Tangible assets

	Land and buildings freehold	Short leasehold property	Plant and machinery	Fixtures, fittings and equipment	Motor and vehicles	Total
Group	£	£	£	£	£	£
Cost						
At 1 July 2015	937,206	28,750	1,838,128	540,112	12,200	3,356,396
Additions	-	-	228,392	23,920	11,900	264,212
At 30 June 2016	<u>937,206</u>	<u>28,750</u>	<u>2,066,520</u>	<u>564,032</u>	<u>24,100</u>	<u>3,620,608</u>
Depreciation						
At 1 July 2015	130,684	20,793	1,445,228	383,369	11,080	1,991,154
Charge for the year	8,500	1,916	124,939	18,804	528	154,687
At 30 June 2016	<u>139,184</u>	<u>22,709</u>	<u>1,570,167</u>	<u>402,173</u>	<u>11,608</u>	<u>2,145,841</u>
Carrying amount						
At 30 June 2016	<u>798,022</u>	<u>6,041</u>	<u>496,353</u>	<u>161,859</u>	<u>12,492</u>	<u>1,474,767</u>
At 30 June 2015	<u>806,522</u>	<u>7,957</u>	<u>392,900</u>	<u>156,743</u>	<u>1,120</u>	<u>1,365,242</u>
Company						
Cost						
At 1 July 2015	937,206	-	562,566	-	-	1,499,772
Additions	-	-	32,800	-	-	32,800
At 30 June 2016	<u>937,206</u>	<u>-</u>	<u>595,366</u>	<u>-</u>	<u>-</u>	<u>1,532,572</u>
Depreciation						
At 1 July 2015	130,684	-	468,715	-	-	599,399
Charge for the year	8,500	-	39,608	-	-	48,108
At 30 June 2016	<u>139,184</u>	<u>-</u>	<u>508,323</u>	<u>-</u>	<u>-</u>	<u>647,507</u>
Carrying amount						
At 30 June 2016	<u>798,022</u>	<u>-</u>	<u>87,043</u>	<u>-</u>	<u>-</u>	<u>885,065</u>
At 30 June 2015	<u>806,522</u>	<u>-</u>	<u>93,851</u>	<u>-</u>	<u>-</u>	<u>900,373</u>

The company's freehold property at Pottington Business Park, Barnstaple was valued by N. Facey, Chartered Surveyor, at open market value on 8 March 1996 at £625,000. The company's freehold property at Vellator, Braunton was valued by B. N. Miles, FCI Arb, FPCS, on an existing use basis on 16 August 1995 at £210,000. The balance of land and buildings freehold comprises £102,206 of subsequent additions at cost. Land and Buildings includes freehold land valued at approximately £500,000.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

Tangible assets held at valuation

In respect of tangible assets held at valuation, the comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property
Group and company	£
At 30 June 2016	692,981
	<u><u> </u></u>
At 30 June 2015	694,303
	<u><u> </u></u>

Obligations under finance leases

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery
Group	£
At 30 June 2016	200,128
	<u><u> </u></u>
At 30 June 2015	111,635
	<u><u> </u></u>

Company

The company holds no assets (2015 - £nil) on finance leases or under hire purchase agreements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

16. Fixed asset investments

	Other investments other than loans
Group	£
Cost or valuation	
At 30 June 2016 and 1 July 2015	14,850
Carrying amount	
At 30 June 2016	14,850
At 30 June 2015	14,850

17. Fixed asset investments

	Shares in group undertakings	Loans to group undertakings	Other investments other than loans	Total
Company	£	£	£	£
Cost or valuation				
At 30 June 2016 and 1 July 2015	1,018,128	383,666	9,550	1,411,344
Carrying amount				
At 30 June 2016	1,018,128	383,666	9,550	1,411,344
At 30 June 2015	1,018,128	383,666	9,550	1,411,344

Investments in group undertakings

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Home Hardware Distribution Limited	England And Wales	Ordinary	65%
Home Hardware Distribution Limited	England And Wales	Loan stock	65%
Mallett and Son Limited	England And Wales	Ordinary	100%
The principal business activities of all the above companies are the wholesale and retail distribution of hardware and horticultural goods.			

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

The results and capital and reserves for the period of the trading companies are as follows:

		Capital and reserves		Profit/(loss) for the	
		2016	2015	2016	2015
		£	£	£	£
Subsidiary undertakings					
Home Hardware Distribution Limited		2,149,710	2,097,869	51,832	199,103
Mallett and Son Limited		104,305	152,476	(48,171)	(49,225)
18. Stocks					
				2016	2015
				£	£
Group					
Goods for resale				4,545,725	4,968,061
Consumables				16,034	17,335
				<u>4,561,759</u>	<u>4,985,396</u>
Company					
Consumables				<u>6,029</u>	<u>9,595</u>
19. Debtors					
				2016	2015
				£	£
Group					
Trade debtors				3,758,750	3,563,703
Prepayments and accrued income				510,634	461,330
Other debtors				21,969	22,905
				<u>4,291,353</u>	<u>4,047,938</u>
Company					
Trade debtors				3,665,175	3,410,614
Amounts owed by group undertakings				1,262,807	1,137,494
Prepayments and accrued income				266,678	223,129
				<u>5,194,660</u>	<u>4,771,237</u>
Amounts falling due after more than one year and included in debtors are:					
Amounts owed by group undertaking				<u>583,375</u>	<u>583,375</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

20. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2016	2015
Group	£	£
Cash at bank and in hand	9,039	6,678
Bank overdrafts	(937,299)	(1,017,370)
	<u>(928,260)</u>	<u>(1,010,692)</u>
Company		
Cash at bank and in hand	1,924	934
Bank overdrafts	(1,014,948)	(761,884)
	<u>(1,013,024)</u>	<u>(760,950)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

21. Creditors: amounts falling due within one year

	2016	2015
Group	£	£
Bank loans and overdrafts	985,300	1,065,361
Trade creditors	2,600,762	2,738,596
Accruals and deferred income	656,483	586,692
Corporation tax	24,356	86,729
Social security and other taxes	402,218	339,382
Obligations under finance leases	35,145	24,085
Other creditors	385,938	454,267
	<u>5,090,202</u>	<u>5,295,112</u>

The bank overdraft and loans are secured by a mortgage incorporating a fixed and floating charge over all the assets and future assets of the group and a first legal mortgage over the group's freehold land and buildings. The parent company has cross guarantees covering its bank liabilities and those of its subsidiary companies, Home Hardware Distribution Limited and Mallett & Son Limited.

Finance leases and hire purchase contracts are secured on the assets to which they relate.

Company

Bank loans and overdrafts	1,062,949	809,875
Trade creditors	1,206,288	1,233,117
Amounts owed to group undertakings	908,414	752,149
Accruals and deferred income	490,682	439,121
Corporation tax	24,356	33,652
Social security and other taxes	84,286	87,629
Other creditors	376,448	444,828
	<u>4,153,423</u>	<u>3,800,371</u>

The bank overdraft and loans are secured by a mortgage incorporating a fixed and floating charge over all the assets and future assets of the group and a first legal mortgage over the group's freehold land and buildings. The parent company has cross guarantees covering its bank liabilities and those of its subsidiary companies, Home Hardware Distribution Limited and Mallett & Son Limited.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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22. Creditors: amounts falling due after more than one year

Group	2016	2015
	£	£
Bank loans and overdrafts	660,238	708,249
"B" shares classed as financial liabilities	418,155	418,155
Obligations under finance leases	80,461	13,973
Other loans from shareholders	314,125	314,125
Members' loans and loan stock	385,852	416,060
	<u>1,858,831</u>	<u>1,870,562</u>

Included within creditors: amounts falling due after more than one year is an amount of £ 385,749 (2015 £ 443,883) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Included within creditors: amounts falling due after more than one year is an amount of £ 699,977 (2015 £ 730,185) in respect of liabilities payable or repayable otherwise than by instalments which fall due for payment after more than five years from the reporting date.

The loan is secured by a first fixed charge on the group's freehold land and buildings.

The "B" share capital has been classified as a liability in accordance with FRS 102. The "B" shares carry an annual entitlement to dividend. The "B" reserve is distributable to the "B" shareholders on the winding up of the company and is disclosed within capital and reserves. There is no other priority on the "B" reserve nor is there any mechanism for repayment.

Company

Bank loans and overdrafts	660,238	708,249
"B" shares classed as financial liabilities	418,155	418,155
Members' loans	179,263	209,471
	<u>1,257,656</u>	<u>1,335,875</u>

Included within creditors: amounts falling due after more than one year is an amount of £385,749 (2015 £443,883) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Included within creditors: amounts falling due after more than one is an amount of £179,263 (2015 £209,471) in respect of liabilities payable or repayable otherwise than by instalments which fall due for payment after than more than five years from the reporting date.

The loan is secured by a first fixed charge on the group's freehold land and buildings.

The "B" share capital has been classified as a liability in accordance with FRS 102. The "B" shares carry an annual entitlement to dividend. The "B" reserve is distributable to the "B" shareholders on the winding up of the company and is disclosed within capital and reserves. There is no other priority on the "B" reserve nor is there any mechanism for repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

23. Obligations under finance leases and hire purchase contracts

Group
Company lessee

The total future minimum lease payments under hire purchase and finance lease agreements are as follows:

	2016	2015
	£	£
Not later than 1 year	(35,145)	(24,085)
Later than 1 year and not later than 5 years	(80,461)	(13,973)
	<u>(115,606)</u>	<u>(38,058)</u>
Present value of minimum lease payments	<u>(115,606)</u>	<u>(38,058)</u>

Company

The company has no obligations under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

24. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
Group	£	£
Included in provisions (note 25)	117,903	106,457

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Accelerated capital allowances	93,728	78,582
Revaluation of tangible assets	26,175	27,875
Provisions	(2,000)	-
	117,903	106,457

Company		
Included in provisions	38,989	41,481

The deferred tax accounts consists of the tax effect of timing differences in respect of:

Accelerated capital allowances	14,814	13,606
Revaluation of tangible assets	26,175	27,875
Provisions	(2,000)	-
	38,989	41,481

25. Provisions

	Deferred tax (note 24)
Group	£
At 1 July 2015	106,457
Additions	11,446
At 30 June 2016	117,903
Company	
At 1 July 2015	41,481
Additions	(2,492)
At 30 June 2016	38,989

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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26. Employee benefits

Defined contribution plans

The amount recognised in profit or loss in relation to defined contribution plans was £108,059 (2015: £109,021).

27. Non-controlling interests

	2016	2015
	£	£
Equity	<u>752,395</u>	<u>734,254</u>

The non-controlling interest represents 35% of the share capital and reserves of Home Hardware Distribution Limited.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

28. Called up share capital
Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Amounts presented in equity:				
Ordinary "A" shares shares of £ 1.00 each	<u>328,350</u>	<u>328,350</u>	<u>323,850</u>	<u>323,850</u>
Amounts presented in liabilities:				
Ordinary "B" shares shares of £ 1.00 each	<u>418,155</u>	<u>418,155</u>	<u>418,155</u>	<u>418,155</u>

The "A" and "B" shares carry equal voting rights, but differ in the following main respects;

"B" shares entitle holders to a 8% cumulative dividend ranking in priority to any other dividends. "A" shares carry no fixed right to dividends.

An annual appropriation will be made from the profit and loss account to the "B" reserve. The appropriation will be a percentage of the nominal value of the "B" shares in issue at the end of the year. The percentage applied is 12% (2015 - 12%).

If the company is wound up, the "B" shares rank in preference to "A" shares in the participation of realised assets. The participation of the "B" shareholders is limited, however, to the value of their issued share capital plus any arrears or accruals of dividend and any amount standing to the credit of the "B" reserve.

On the sale of the company's property at Vellator, a proportion of any net profit, equivalent to that between the nominal value of issued "B" shares and the total nominal value of issued shares, will be appropriated to the "B" reserve.

During the year the company issued £6,000 of "A" shares at £1 each and also purchased £1,500 of "A" shares from a previous shareholder.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

29. Reserves

Revaluation reserve:

The reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve:

This reserve records the nominal value of shares repurchased by the company.

Profit and loss account:

This reserve records retained earnings and accumulated losses.

"B" reserve:

This reserve relates to the "B" shares and received an annual allocation of profit amounting to 12% per annum.

Non-controlling interests reserve:

Non-controlling interests represent 35% of the share capital and reserves of Home Hardware Distribution Limited.

30. Operating leases

The group as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than 1 year	27,954	102,853
Later than 1 year and not later than 5 years	2,136,495	2,103,600
Later than 5 years	237,480	384,680
	<u>2,401,929</u>	<u>2,591,133</u>

31. Contingent assets and liabilities

At any point in time the company has a contingent liability in respect of orders placed by its members under negotiated Direct Shipment Agreements which have not been invoiced to the company or for which invoices have not been received. Any such liability would be offset by a similar uninvoiced amount owed to the company by the member.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

32. Directors advances, credits and guarantees

A number of the directors have an interest in businesses which are the company's customers. Sales to these businesses are all on normal commercial terms on an arms length basis.

The aggregate value of these amounted to £1,953,595 (2015 - £2,190,748) for the year. The amount due to the company at the balance sheet date had an aggregate value of £159,492

33. Related party transactions

During the year payments were made to a shareholder of a subsidiary company of £41,250 (2015 - £41,250) for computer service charges.

At the year end the shareholder held £206,589 (2015 - £206,589) of loan stock in a subsidiary. Included in Other shareholders loans was £314,125 (2015 - £314,125) due to the shareholder.

All related party transactions are on normal commercial terms and are concluded on an arms length basis.

34. Controlling party

The company is under the control of the directors who are also major shareholders in the company and whose names are listed at the front of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

35. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 July 2014.

Reconciliation of equity

	At 1 July 2014			At 30 June 2015		
	Previously stated £	Effect of transition £	FRS 102 (restated) £	Previously stated £	Effect of transition £	FRS 102 (restated) £
Fixed assets	1,451,325	-	1,451,325	1,422,199	-	1,422,199
Current assets	8,456,756	-	8,456,756	9,040,012	-	9,040,012
Creditors amounts falling due within 1 year	(5,066,057)	-	(5,066,057)	(5,295,112)	-	(5,295,112)
Net current assets	3,390,699	-	3,390,699	3,744,900	-	3,744,900
Total assets less current liabilities	4,842,024	-	4,842,024	5,167,099	-	5,167,099
Creditors amounts falling due after more than 1 year	(1,872,230)	-	(1,872,230)	(1,870,562)	-	(1,870,562)
Provisions for liabilities	(84,419)	(29,575)	(113,994)	(78,582)	(27,875)	(106,457)
Net assets	2,885,375	(29,575)	2,855,800	3,217,955	(27,875)	3,190,080
Equity	2,885,375	(29,575)	2,855,800	3,217,955	(27,875)	3,190,080

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2016

Reconciliation of profit or loss for the year

	At 30 June 2015		
	Previously stated £	Effect of transition £	FRS 102 (restated) £
Turnover	30,568,367	-	30,568,367
Cost of sales	(24,369,943)	-	(24,369,943)
Gross profit	6,198,424	-	6,198,424
Distribution costs	(2,190,028)	-	(2,190,028)
Administrative expenses	(3,955,848)	-	(3,955,848)
Other operating income	410,692	-	410,692
Operating profit	463,240	-	463,240
Other interest receivable and similar income	24,924	-	24,924
Interest payable and similar charges	(99,694)	-	(99,694)
Tax on ordinary activities	(81,390)	1,700	(79,690)
Profit on ordinary activities after taxation	307,080	1,700	308,780
Profit for the financial year	307,080	1,700	308,780

Deferred tax on the revaluation uplift of the land and buildings was not previously provided for. Under FRS 102 the company is required to provide for the deferred tax on the revaluation uplift of the land and buildings, previously disclosed in the notes to the accounts.

36. General information

Home Hardware South West Limited is a limited company incorporated in England. The addresses of its registered office and principal place of business are disclosed in the directors report.

The principal activity of the group are the provision of an extensive range of wholesale services to independant hardware retailers as a dealer owned organisation, and the distribution of houseware, hardware and horticultural goods.

The financial statements are presented in Sterling, which is also the functional currency of the company.