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D & J SIMONS & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2016

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D & J SIMONS & SONS LIMITED

COMPANY INFORMATION

Directors	H I Simons D J Simons A J Rabbow A B Simons R M Simons
Secretary	H I Simons
Company number	1222521
Registered office	124-150 Hackney Road London E2 7QS
Auditor	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom
Business address	124-150 Hackney Road London E2 7QS
Bankers	HSBC Bank plc 465 Bethnal Green Road London E2 9QW United Kingdom
Solicitors	Teacher Stern LLP 37-41 Bedford Row London WC1R 4JH

D & J SIMONS & SONS LIMITED

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D & J SIMONS & SONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present the strategic report for the year ended 31 October 2016.

Fair review of the business

Rental income from the group's portfolio of investment properties supplements the income generated from the trade.

Principal risks and uncertainties

The principal risks and uncertainties facing the company relate to competition from overseas and the strength of the UK market.

Development and performance

The group made a pre-tax profit of £449,774 (2015 - £3,228,002) for the year on turnover of £8,098,353 (2015 - 8,553,900) and rental income of £703,861 (2015 - £635,058).

At 31 October 2016 the group had net assets of £13,560,336 (2015 - £13,214,385), including investment properties of £7,140,739 (2015 - £6,942,459).

Key performance indicators

In the opinion of the directors there are no other key performance indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

On behalf of the board

.....
H I Simons

Director

..... 28/09/17

D & J SIMONS & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their annual report and financial statements for the year ended 31 October 2016.

Principal activities

The principal activity of the company and group is that of distributors of picture frame mouldings and wood turnery.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

H I Simons

L Simons

(Deceased 5 December 2016)

D J Simons

A J Rabbow

A B Simons

R M Simons

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £208,333. The directors do not recommend payment of a further dividend.

Auditor

A resolution proposing the reappointment of HW Fisher & Company of the company will be put to the members.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board

.....
H I Simons

Director

28/09/17

D & J SIMONS & SONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2016

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

D & J SIMONS & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF D & J SIMONS & SONS LIMITED

We have audited the financial statements of D & J Simons & Sons Limited for the year ended 31 October 2016 set out on pages 6 to 33. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members 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 Statement set out on page 3, 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 us 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 group's and the parent 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 annual 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 group's and the parent company's affairs as at 31 October 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

D & J SIMONS & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF D & J SIMONS & SONS LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and 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.

Alan Lester (Senior Statutory Auditor)

for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

28 September 2017

D & J SIMONS & SONS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	2015 £
Turnover	3	8,098,353	8,553,990
Cost of sales		(4,818,259)	(5,046,227)
Gross profit		3,280,094	3,507,763
Administrative expenses		(3,732,448)	(3,664,511)
Other operating income		703,861	635,058
Profit on sale of properties		-	1,837,384
Operating profit	4	251,507	2,315,694
Interest receivable and similar income	8	-	28,606
Interest payable and similar charges	9	(13)	(28,923)
Fair value gains and losses on investment properties	13	198,280	912,625
Profit before taxation		449,774	3,228,002
Taxation	10	(21,323)	(648,801)
Profit for the financial year		428,451	2,579,201
Profit for the financial year is attributable to:			
- Owners of the parent company		433,907	2,399,570
- Non-controlling interests		(5,456)	179,631
		428,451	2,579,201

The profit and loss account has been prepared on the basis that all operations are continuing operations.

D & J SIMONS & SONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2016

	2016 £	2015 £
Profit for the year	428,451	2,579,201
Other comprehensive income		
Impairment of revalued tangible fixed assets	-	(13,000)
Tax relating to other comprehensive income	125,833	3,890
Other comprehensive income for the year	125,833	(9,110)
Total comprehensive income for the year	554,284	2,570,091
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	559,740	2,390,460
- Non-controlling interests	(5,456)	179,631
	554,284	2,570,091

D & J SIMONS & SONS LIMITED

GROUP BALANCE SHEET

AS AT 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	12	5,732,772		5,791,100	
Investment properties	13	7,140,739		6,942,459	
		<u>12,873,511</u>		<u>12,733,559</u>	
Current assets					
Stocks	17	1,560,570		1,382,742	
Debtors	18	4,718,243		4,892,163	
Cash at bank and in hand		274,814		637,655	
		<u>6,553,627</u>		<u>6,912,560</u>	
Creditors: amounts falling due within one year	19	<u>(4,711,513)</u>		<u>(5,101,187)</u>	
Net current assets			1,842,114		1,811,373
Total assets less current liabilities			14,715,625		14,544,932
Provisions for liabilities	21		<u>(1,155,289)</u>		<u>(1,330,547)</u>
Net assets			<u>13,560,336</u>		<u>13,214,385</u>
Capital and reserves					
Called up share capital	22		2,000		2,000
Revaluation reserve			3,945,640		3,819,807
Other reserves			2,502,771		2,261,928
Profit and loss reserves			<u>6,935,630</u>		<u>6,950,899</u>
Equity attributable to owners of the parent company			13,386,041		13,034,634
Non-controlling interests			<u>174,295</u>		<u>179,751</u>
			<u>13,560,336</u>		<u>13,214,385</u>

The financial statements were approved by the board of directors and authorised for issue on 28/09/17 and are signed on its behalf by:

H I Simons
Director

D & J SIMONS & SONS LIMITED

COMPANY BALANCE SHEET

AS AT 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	12	5,715,506		5,768,078	
Investment properties	13	4,462,640		4,264,360	
Investments	14	360		360	
		<u>10,178,506</u>		<u>10,032,798</u>	
Current assets					
Stocks	17	1,560,570		1,382,742	
Debtors	18	6,561,635		6,673,731	
Cash at bank and in hand		251,981		633,992	
		<u>8,374,186</u>		<u>8,690,465</u>	
Creditors: amounts falling due within one year	19	<u>(4,689,442)</u>		<u>(5,079,975)</u>	
Net current assets		<u>3,684,744</u>		<u>3,610,490</u>	
Total assets less current liabilities		<u>13,863,250</u>		<u>13,643,288</u>	
Provisions for liabilities	21	<u>(999,733)</u>		<u>(1,147,547)</u>	
Net assets		<u>12,863,517</u>		<u>12,495,741</u>	
Capital and reserves					
Called up share capital	22	2,000		2,000	
Revaluation reserve		3,945,640		3,819,807	
Other reserves		1,933,346		1,713,086	
Profit and loss reserves		6,982,531		6,960,848	
Total equity		<u>12,863,517</u>		<u>12,495,741</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £450,276 (2015 - £1,860,677 profit).

The financial statements were approved by the board of directors and authorised for issue on 28/09/17 and are signed on its behalf by:

H I Simons
Director

Company Registration No. 1222521

D & J SIMONS & SONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2016

	Share capital	Revaluation reserve	Other reserves	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£	£
Balance at 1 November 2014	2,000	3,828,917	1,747,801	5,065,456	10,644,174	120	10,644,294
Year ended 31 October 2015:							
Profit for the year	-	-	-	2,399,570	2,399,570	179,631	2,579,201
Other comprehensive income:							
Impairment of revalued tangible fixed assets	-	(13,000)	-	-	(13,000)	-	(13,000)
Tax relating to other comprehensive income	-	3,890	-	-	3,890	-	3,890
Total comprehensive income for the year	-	(9,110)	-	2,399,570	2,390,460	179,631	2,570,091
Transfers	-	-	514,127	(514,127)	-	-	-
Balance at 31 October 2015	2,000	3,819,807	2,261,928	6,950,899	13,034,634	179,751	13,214,385
Year ended 31 October 2016:							
Profit for the year	-	-	-	433,907	433,907	(5,456)	428,451
Other comprehensive income:							
Tax relating to other comprehensive income	-	125,833	-	-	125,833	-	125,833
Total comprehensive income for the year	-	125,833	-	433,907	559,740	(5,456)	554,284
Dividends	-	-	-	(208,333)	(208,333)	-	(208,333)
Transfers	-	-	240,843	(240,843)	-	-	-
Balance at 31 October 2016	2,000	3,945,640	2,502,771	6,935,630	13,386,041	174,295	13,560,336

D & J SIMONS & SONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 November 2014		2,000	3,828,917	1,747,801	5,065,456	10,644,174
Year ended 31 October 2015:						
Profit for the year		-	-	-	1,860,677	1,860,677
Other comprehensive income:						
Impairment of revalued tangible fixed assets		-	(13,000)	-	-	(13,000)
Tax relating to other comprehensive income		-	3,890	-	-	3,890
Total comprehensive income for the year		-	(9,110)	-	1,860,677	1,851,567
Transfers		-	-	(34,715)	34,715	-
Balance at 31 October 2015		2,000	3,819,807	1,713,086	6,960,848	12,495,741
Year ended 31 October 2016:						
Profit for the year		-	-	-	450,276	450,276
Other comprehensive income:						
Tax relating to other comprehensive income		-	125,833	-	-	125,833
Total comprehensive income for the year		-	125,833	-	450,276	576,109
Dividends	11	-	-	-	(208,333)	(208,333)
Transfers		-	-	220,260	(220,260)	-
Balance at 31 October 2016		2,000	3,945,640	1,933,346	6,982,531	12,863,517

D & J SIMONS & SONS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	24		123,005		1,976,431
Interest paid			(13)		(28,923)
Income taxes paid			(350,001)		(67,559)
Net cash (outflow)/inflow from operating activities			(227,009)		1,879,949
Investing activities					
Purchase of tangible fixed assets		(36,193)		(60,209)	
Proceeds on disposal of tangible fixed assets		13,225		878,573	
Interest received		-		28,606	
Net cash (used in)/generated from investing activities			(22,968)		846,970
Financing activities					
Repayment of other loan		-		(258,009)	
Repayment of bank loans		-		(1,200,000)	
Dividends paid to equity shareholders		(208,333)		-	
Net cash used in financing activities			(208,333)		(1,458,009)
Net (decrease)/increase in cash and cash equivalents			(458,310)		1,268,910
Cash and cash equivalents at beginning of year			68,327		(1,200,583)
Cash and cash equivalents at end of year			(389,983)		68,327
Relating to:					
Cash at bank and in hand			274,814		637,655
Bank overdrafts included in creditors payable within one year			(664,797)		(569,328)

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

Company information

D & J Simons & Sons Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 124-150 Hackney Road, London, E2 7QS.

The group consists of D & J Simons & Sons Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 31 October 2016 are the first financial statements of D & J Simons & Sons Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 25.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of D & J Simons & Sons Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 October 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	10% straight line
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

Assets in the course of construction (within land and buildings) are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Valuation of investment properties

Determining the fair value of the group's investment properties as at each balance sheet date involves an element of estimation. The directors manage the resulting estimation uncertainty by reviewing values on a property by property basis and by referring to available market evidence, including rental yields and realised sales values for similar properties.

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
Turnover	8,098,353	8,553,990

Other significant revenue

Interest income	-	28,606
-----------------	---	--------

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	7,768,738	8,014,424
Rest of the world	329,615	539,566
	8,098,353	8,553,990

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	62,331	25,649
Loss on disposal of tangible fixed assets	18,965	10,374
Cost of stocks recognised as an expense	4,818,259	5,046,227
Operating lease charges	-	100,000

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	25,000	24,000

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Sales	11	13	11	13
Administration	37	28	34	24
Despatch and warehouse	30	37	30	37
	<u>78</u>	<u>78</u>	<u>75</u>	<u>74</u>

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	1,932,412	1,833,152	1,788,413	1,749,152
Social security costs	182,285	166,183	164,308	156,830
Pension costs	13,033	-	13,033	-
	<u>2,127,730</u>	<u>1,999,335</u>	<u>1,965,754</u>	<u>1,905,982</u>

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	<u>369,257</u>	<u>200,170</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	<u>100,277</u>	<u>62,143</u>

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Other interest income	<u>-</u>	<u>28,606</u>

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

9 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	13	14,932
Other interest on financial liabilities	-	11,440
	<u>13</u>	<u>26,372</u>
Other finance costs:		
Other interest	-	2,551
	<u>-</u>	<u>2,551</u>
Total finance costs	<u>13</u>	<u>28,923</u>

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	70,747	433,250
	<u>70,747</u>	<u>433,250</u>
Deferred tax		
Origination and reversal of timing differences	25,416	215,551
Changes in tax rates	(74,840)	-
	<u>(49,424)</u>	<u>215,551</u>
Total deferred tax	<u>(49,424)</u>	<u>215,551</u>
Total tax charge	<u>21,323</u>	<u>648,801</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	449,774	3,228,002
	<u>449,774</u>	<u>3,228,002</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.41%)	89,955	658,835
Tax effect of expenses that are not deductible in determining taxable profit	12,747	4,994
Effect of change in corporation tax rate	(79,325)	(668)
Permanent capital allowances in (excess)/deficit of depreciation	6,550	(5,246)
Depreciation on assets not qualifying for tax allowances	1,151	1,567
Other permanent differences	(9,755)	(10,768)
Other tax adjustments	-	87
	<u>-</u>	<u>87</u>
Taxation charge for the year	<u>21,323</u>	<u>648,801</u>

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

10 Taxation

(Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016 £	2015 £
Deferred tax in respect of: Revalued property	(125,833)	(3,890)

11 Dividends

	2016 £	2015 £
Interim paid	208,333	-

12 Tangible fixed assets

Group	Land and buildings Freehold £	Plant and Fixtures, fittings machinery & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 November 2015	5,612,000	277,546	153,882	6,257,086
Additions	-	-	36,193	36,193
Disposals	-	-	(68,420)	(68,420)
At 31 October 2016	5,612,000	277,546	181,431	6,224,859
Depreciation and impairment				
At 1 November 2015	-	277,546	123,837	465,986
Depreciation charged in the year	-	-	7,028	62,331
Eliminated in respect of disposals	-	-	(36,230)	(36,230)
At 31 October 2016	-	277,546	83,676	492,087
Carrying amount				
At 31 October 2016	5,612,000	-	23,017	5,732,772
At 31 October 2015	5,612,000	-	30,045	5,791,100

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

12 Tangible fixed assets

(Continued)

Company	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 November 2015	5,612,000	277,546	123,186	213,658	6,226,390
Additions	-	-	-	36,193	36,193
Disposals	-	-	-	(68,420)	(68,420)
At 31 October 2016	5,612,000	277,546	123,186	181,431	6,194,163
Depreciation and impairment					
At 1 November 2015	-	277,546	116,163	64,603	458,312
Depreciation charged in the year	-	-	1,272	55,303	56,575
Eliminated in respect of disposals	-	-	-	(36,230)	(36,230)
At 31 October 2016	-	277,546	117,435	83,676	478,657
Carrying amount					
At 31 October 2016	5,612,000	-	5,751	97,755	5,715,506
At 31 October 2015	5,612,000	-	7,023	149,055	5,768,078

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Cost	1,050,617	1,050,617	1,050,617	1,050,617
Accumulated depreciation	-	-	-	-
Carrying value	1,050,617	1,050,617	1,050,617	1,050,617

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

13 Investment property

	Group 2016 £	Company 2016 £
Fair value		
At 1 November 2015	6,942,459	4,264,360
Net gains or losses through fair value adjustments	198,280	198,280
At 31 October 2016	7,140,739	4,462,640

The fair value of the investment property has been arrived at on the basis of a valuation carried out at the year-end by the directors. The valuation was made on an open market basis by reference to rental yields.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Cost	4,020,033	4,020,033	2,256,723	2,256,723
Accumulated depreciation	-	-	-	-
Carrying amount	4,020,033	4,020,033	2,256,723	2,256,723

14 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	15	-	-	360	360

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 November 2015 and 31 October 2016	360
Carrying amount	
At 31 October 2016	360
At 31 October 2015	360

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

15 Subsidiaries

Details of the company's subsidiaries at 31 October 2016 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Held	
				Direct	Indirect
D & J Simons & Arts Limited	England and Wales	Investment in property	Ordinary	75.00	
Vindex Properties Limited	England and Wales	Dormant	Ordinary		55.00

16 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4,475,441	4,826,013	6,319,560	6,607,807
Carrying amount of financial liabilities				
Measured at amortised cost	4,143,269	4,048,101	4,126,368	4,034,443

17 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Finished goods and goods for resale	1,560,570	1,382,742	1,560,570	1,382,742

18 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	1,681,879	1,744,594	1,675,710	1,734,817
Amounts due from group undertakings	-	-	1,850,634	1,791,691
Other debtors	2,794,289	3,081,645	2,793,216	3,081,299
Prepayments and accrued income	242,075	65,924	242,075	65,924
	4,718,243	4,892,163	6,561,635	6,673,731

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

19 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	20	664,797	569,328	664,797	569,328
Trade creditors		784,997	961,133	783,267	961,133
Corporation tax payable		144,263	423,516	144,263	423,516
Other taxation and social security		423,981	629,570	418,811	622,016
Other creditors		2,601,847	2,380,918	2,602,207	2,381,278
Accruals and deferred income		91,628	136,722	76,097	122,704
		<u>4,711,513</u>	<u>5,101,187</u>	<u>4,689,442</u>	<u>5,079,975</u>

20 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank overdrafts	<u>664,797</u>	<u>569,328</u>	<u>664,797</u>	<u>569,328</u>
Payable within one year	<u>664,797</u>	<u>569,328</u>	<u>664,797</u>	<u>569,328</u>

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2016 £	Liabilities 2015 £
Revaluations	706,566	831,576
Investment property	448,723	498,971
	<u>1,155,289</u>	<u>1,330,547</u>

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

21 Deferred taxation

(Continued)

	Liabilities 2016 £	Liabilities 2015 £
Company		
Revaluations	706,566	831,576
Investment property	293,167	315,971
	<u>999,733</u>	<u>1,147,547</u>
	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 November 2015	1,330,547	1,147,547
Charge to profit or loss	25,416	25,416
Effect of change in tax rate - profit or loss	(74,840)	(47,396)
Effect of change in tax rate - other comprehensive income	(125,834)	(125,834)
	<u>1,155,289</u>	<u>999,733</u>

The deferred tax liability set out above is not expected to reverse within 12 months.

22 Share capital

	Group and company 2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

23 Related party transactions

The group transacts with other companies which the directors consider to be related due to their being under the control of the Simons family. The following balances existed at the year end;

Outstanding advances by the group and company, presented within other debtors and repayable on demand - £2,752,570 (2015: 2,755,140).

Outstanding advances to the group and company, presented within other creditors and repayable on demand - £1,606,299 (2015: £1,453,815).

Dividends amounting to £83,333 (2015: £nil) were paid to directors during the year.

The directors loaned the group and company £300,000 (2015: £719,381) during the year and at the balance sheet date the group and company owed the directors £934,635 (2015: £633,904).

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

24 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	428,451	2,579,201
Adjustments for:		
Taxation charged	21,323	648,801
Finance costs	13	28,923
Investment income	-	(28,606)
Loss on disposal of tangible fixed assets	18,965	10,374
Fair value gains and losses on investment properties	(198,280)	(912,625)
Depreciation and impairment of tangible fixed assets	62,331	25,649
Exceptional profit on sale of properties	-	(1,837,384)
Movements in working capital:		
(Increase)/decrease in stocks	(177,828)	103,786
Decrease in debtors	173,920	1,632,681
(Decrease) in creditors	(205,890)	(274,369)
Cash generated from operations	123,005	1,976,431

25 Reconciliations on adoption of FRS 102

Reconciliation of equity - group

	At 1 November 2014			At 31 October 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Notes						
Fixed assets						
Tangible assets	14,626,876	(4,266,524)	10,360,352	12,733,559	(6,942,459)	5,791,100
Investment properties	-	4,266,524	4,266,524	-	6,942,459	6,942,459
	<u>14,626,876</u>	<u>-</u>	<u>14,626,876</u>	<u>12,733,559</u>	<u>-</u>	<u>12,733,559</u>
Current assets						
Stocks	1,486,528	-	1,486,528	1,382,742	-	1,382,742
Debtors	6,472,165	-	6,472,165	4,892,163	-	4,892,163
Bank and cash	484,704	-	484,704	637,655	-	637,655
	<u>8,443,397</u>	<u>-</u>	<u>8,443,397</u>	<u>6,912,560</u>	<u>-</u>	<u>6,912,560</u>

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Notes	At 1 November 2014			At 31 October 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Creditors due within one year						
Loans and overdrafts	(6,919,235)	-	(6,919,235)	(569,328)	-	(569,328)
Taxation	(402,582)	-	(402,582)	(1,053,086)	-	(1,053,086)
Other creditors	(3,985,276)	-	(3,985,276)	(3,478,773)	-	(3,478,773)
	(11,307,093)	-	(11,307,093)	(5,101,187)	-	(5,101,187)
Net current (liabilities)/assets	(2,863,696)	-	(2,863,696)	1,811,373	-	1,811,373
Total assets less current liabilities	11,763,180	-	11,763,180	14,544,932	-	14,544,932
Provisions for liabilities						
Deferred tax	-	(1,118,886)	(1,118,886)	-	(1,330,547)	(1,330,547)
Net assets	11,763,180	(1,118,886)	10,644,294	14,544,932	(1,330,547)	13,214,385
Capital and reserves						
Share capital	2,000	-	2,000	2,000	-	2,000
Revaluation reserve	6,695,604	(2,866,687)	3,828,917	7,366,532	(3,546,725)	3,819,807
Other reserves	-	1,747,801	1,747,801	-	2,261,928	2,261,928
Profit and loss	5,065,456	-	5,065,456	6,950,899	-	6,950,899
Equity attributable to owners of the parent company	11,763,060	(1,118,886)	10,644,174	14,319,431	(1,284,797)	13,034,634
Non-controlling interests	120	-	120	225,501	(45,750)	179,751
	11,763,180	(1,118,886)	10,644,294	14,544,932	(1,330,547)	13,214,385

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of group profit for the financial period

	Notes	Year ended 31 October 2015	
		Previous UK GAAP £	Effect of transition £
			FRS 102 £
Turnover		8,553,990	-
Cost of sales		(5,046,227)	-
Gross loss		3,507,763	-
Administrative expenses		(3,664,511)	-
Other operating income		635,058	-
Exceptional items		1,837,384	-
Operating profit		2,315,694	-
Interest receivable and similar income		28,606	-
Interest payable and similar charges		(28,923)	-
Fair value gains and losses on investment properties		-	912,625
Profit before taxation		2,315,377	912,625
Taxation		(433,250)	(215,551)
Profit for the financial period		1,882,127	697,074

Notes to reconciliations on adoption of FRS 102 - group

Valuation as deemed cost for land and buildings

In respect of land and buildings subject to a revaluation policy under previous UK GAAP the company has utilised the transitional exemption contained in section 35.10(d) of FRS 102 to use the revalued amount of £5,625,000 as the deemed cost of these properties as at the transition date and to account for them under the cost model going forward. The unrealised gains of £4,664,383 in respect of pre-transition revaluations of the properties remain in the revaluation reserve following transition to FRS 102.

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Presentation of investment properties

Investment properties have been reclassified from "Tangible fixed assets" to a separate asset category of "Investment properties". On a group basis the relevant values are £4,266,524 as at 1 November 2014 and £6,942,459 as at 31 October 2015

Revaluation surpluses and deficits on the investment properties are presented as a fair value movement through profit and loss under FRS 102, having been presented as a movement in the revaluation reserve in the accounts prepared under previous UK GAAP. On a group basis the relevant figure for the year ended 31 October 2015 is a fair value gain of £912,625.

The accumulated surplus on revaluation of investment properties has been transferred to "Other reserves" from the revaluation reserve in order to reflect the new policy under FRS 102 of first reflecting these gains in profit and loss for the year and then transferring the resulting unrealised profit to "Other reserves". On a group basis the relevant figures are £2,031,221 as at 1 November 2014 and £2,943,846 as at 31 October 2015.

Deferred tax

On transition to FRS 102 the company has recognised a deferred tax provision in respect of the estimated tax that may become payable if freehold properties (included within tangible fixed assets) and investment properties held at values greater than their historic cost (or other tax base value if different) were to be sold at their book value. On a group basis this provision amounted to £1,118,886 as at 1 November 2014, with £835,466 related to freehold properties and £283,420 relating to investment properties. As at 31 October 2015 the deferred tax provision amounted to £1,330,547, with £831,576 related to freehold properties and £498,971 relating to investment properties.

Deferred tax relating to freehold properties has reduced the revaluation reserve and deferred tax relating to investment properties has been charged to the profit and loss account, with a subsequent transfer from "Other reserves" in respect of the unrealised losses.

The group's profit for the year ended 31 October 2015 is reduced by £215,551 as a result of recognising the movement in deferred tax relating to investment properties.

Reconciliation of equity - company

Notes	At 1 November 2014			At 31 October 2015		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	£	£	£	£	£	£
Fixed assets						
Tangible assets	14,626,876	(4,266,524)	10,360,352	10,032,438	(4,264,360)	5,768,078
Investment properties	-	4,266,524	4,266,524	-	4,264,360	4,264,360
Investments	360	-	360	360	-	360
	<u>14,627,236</u>	<u>-</u>	<u>14,627,236</u>	<u>10,032,798</u>	<u>-</u>	<u>10,032,798</u>
Current assets						
Stocks	1,486,528	-	1,486,528	1,382,742	-	1,382,742
Debtors	6,471,685	-	6,471,685	6,673,731	-	6,673,731
Bank and cash	484,704	-	484,704	633,992	-	633,992
	<u>8,442,917</u>	<u>-</u>	<u>8,442,917</u>	<u>8,690,465</u>	<u>-</u>	<u>8,690,465</u>

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Notes	At 1 November 2014			At 31 October 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Creditors due within one year						
Loans and overdrafts	(6,919,235)	-	(6,919,235)	(569,328)	-	(569,328)
Taxation	(402,582)	-	(402,582)	(1,045,532)	-	(1,045,532)
Other creditors	(3,985,276)	-	(3,985,276)	(3,465,115)	-	(3,465,115)
	(11,307,093)	-	(11,307,093)	(5,079,975)	-	(5,079,975)
Net current (liabilities)/assets	(2,864,176)	-	(2,864,176)	3,610,490	-	3,610,490
Total assets less current liabilities	11,763,060	-	11,763,060	13,643,288	-	13,643,288
Provisions for liabilities						
Deferred tax	-	(1,118,886)	(1,118,886)	-	(1,147,547)	(1,147,547)
Net assets	11,763,060	(1,118,886)	10,644,174	13,643,288	(1,147,547)	12,495,741
Capital and reserves						
Share capital	2,000	-	2,000	2,000	-	2,000
Revaluation reserve	6,695,604	(2,866,687)	3,828,917	6,680,440	(2,860,633)	3,819,807
Other reserves	-	1,747,801	1,747,801	-	1,713,086	1,713,086
Profit and loss	5,065,456	-	5,065,456	6,960,848	-	6,960,848
Total equity	11,763,060	(1,118,886)	10,644,174	13,643,288	(1,147,547)	12,495,741

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of company profit for the financial period

	Notes	Year ended 31 October 2015		
		Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover		8,553,990	-	8,553,990
Cost of sales		(5,046,227)	-	(5,046,227)
Gross loss		3,507,763	-	3,507,763
Administrative expenses		(3,538,534)	-	(3,538,534)
Other operating income		522,346	-	522,346
Exceptional items		1,837,384	-	1,837,384
Operating profit		2,328,959	-	2,328,959
Interest receivable and similar income		28,606	-	28,606
Interest payable and similar charges		(28,923)	-	(28,923)
Fair value gains and losses on investment properties		-	(2,164)	(2,164)
Profit before taxation		2,328,642	(2,164)	2,326,478
Taxation		(433,250)	(32,551)	(465,801)
Profit for the financial period		1,895,392	(34,715)	1,860,677

Notes to reconciliations on adoption of FRS 102 - company

Valuation as deemed cost for land and buildings

In respect of land and buildings subject to a revaluation policy under previous UK GAAP the company has utilised the transitional exemption contained in section 35.10(d) of FRS 102 to use the revalued amount of £5,625,000 as the deemed cost of these properties as at the transition date and to account for them under the cost model going forward. The unrealised gains of £4,664,383 in respect of pre-transition revaluations of the properties remain in the revaluation reserve following transition to FRS 102.

Presentation of investment properties

Investment properties of value £4,266,524 as at 1 November 2014 and £4,264,360 as at 31 October 2015 have been reclassified from "Tangible fixed assets" to a separate asset category of "Investment properties".

A revaluation deficit of £2,164 on the investment properties has been presented as a fair value movement through profit and loss for the year ended 31 October 2015, having been presented as a deduction from the revaluation reserve in the accounts prepared under previous UK GAAP.

The accumulated surplus on revaluation of investment properties, as at 1 November 2014 of £2,031,221 and at 31 October 2015 of £2,029,057, has been transferred to "Other reserves" from the revaluation reserve in order to reflect the new policy under FRS 102 of first reflecting these gains in profit and loss for the year and then transferring the resulting unrealised profit to "Other reserves".

D & J SIMONS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Deferred tax

On transition to FRS 102 the company has recognised a deferred tax provision in respect of the estimated tax that may become payable if freehold properties (included within tangible fixed assets) and investment properties held at values greater than their historic cost (or other tax base value if different) were to be sold at their book value. As at 1 November 2014 this provision amounted to £1,118,886, with £835,466 related to freehold properties and £283,420 relating to Investment properties. As at 31 October 2015 the deferred tax provision amounted to £1,147,547, with £831,576 related to freehold properties and £315,971 relating to Investment properties.

Deferred tax relating to freehold properties has reduced the revaluation reserve and deferred tax relating to investment properties has been charged to the profit and loss account, with a subsequent transfer from "Other reserves" in respect of the unrealised losses.

Profit for the year ended 31 October 2015 is reduced by £32,551 as a result of recognising the movement in deferred tax relating to investment properties.