

PENKETH'S LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

TUESDAY



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PENKETH'S LIMITED

COMPANY INFORMATION

Directors	A J Penketh M S Penketh S W Penketh D J Finn P A Mann
Secretary	S W Penketh
Company number	01287607
Registered office	2 Bassendale Road Croft Business Park Bromborough Wirral Merseyside CH62 3QL
Auditors	Mitchell Charlesworth LLP 24 Nicholas Street Chester CH1 2AU
Bankers	Barclays Bank plc 2 Liscard Village Wallasey Wirral Merseyside CH45 4JS

PENKETH'S LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Statement of total comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 28

PENKETH'S LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Fair review of the business

The company's principal activities continued to be the supply of office supplies, furniture, printed matter, audio visual equipment and managed print services (MPS). The directors were disappointed in the results for the year which saw a fall in profits before tax.

Principal risks and uncertainties

The principal risks and uncertainties moving forward centre around the creation of a Manchester showroom and the costs associated therein, together with the global decline in demand for office supplies and printing products.

Development and performance

The company is focusing on developing its latest division of MPS together with the creation of a new division focusing on office fit out and interior design.

In addition the company has secured an exclusivity dealership agreement for Greater Manchester with a global manufacturer of furniture allowing it access to the burgeoning Manchester marketplace. This has resulted in the creation of several new jobs and the opening of a city centre showroom. Turnover is anticipated to increase by up to 20% during 2016.

Key performance indicators

Turnover – down 3%.

Gross profit - down 8%.

Post balance sheet date events

The company has entered into a 12 month lease agreement for a showroom in Booth Street, Manchester.

By order of the board

.....
S W Penketh

Secretary

9 June 2016

PENKETH'S LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Directors

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

A J Penketh
M S Penketh
S W Penketh
D J Finn
P A Mann

Results and dividends

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

Ordinary dividends were paid amounting to £363,900. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Mitchell Charlesworth LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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 company and of 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 judgements 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.

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 company's auditors are 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 company's auditors are aware of that information.

PENKETH'S LIMITED

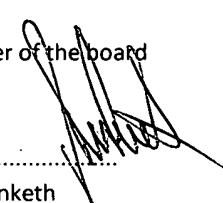
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is included in the strategic report on page 1.

By order of the board


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S W Penketh
Secretary
9 June 2016

PENKETH'S LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PENKETH'S LIMITED

We have audited the financial statements of Penketh's Limited for the year ended 31 December 2015 which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the 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), including Financial Reporting Standard 102.

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, 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 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 company's affairs as at 31 December 2015 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 matters 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.

PENKETH'S LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PENKETH'S 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, 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 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.

Mitchell Charlesworth

Mr Philip Griffiths (Senior Statutory Auditor)
for and on behalf of Mitchell Charlesworth LLP

1 July 2016

Chartered Accountants
Statutory Auditor

24 Nicholas Street
Chester
CH1 2AU

PENKETH'S LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2015**

		2015	2014
	Notes	£	£
Turnover	3	10,083,049	10,369,511
Cost of sales		(6,881,887)	(6,903,140)
Gross profit		3,201,162	3,466,371
Administrative expenses		(2,828,478)	(2,765,303)
Other operating income		77,126	88,000
Operating profit	4	449,810	789,068
Interest receivable and similar income	8	18,225	3,855
Interest payable and similar charges	9	3,459	(6,090)
Amounts (written back) / written off investments	10	(13,706)	(274)
Profit before taxation		457,788	786,559
Taxation	11	(91,770)	(171,593)
Profit for the financial year		366,018	614,966
Total comprehensive income for the year		366,018	614,966

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

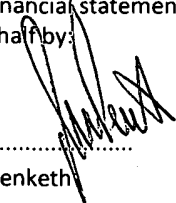
PENKETH'S LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	14	718,741	715,590
Investment properties	15	450,000	450,000
Investments	16	274,073	245,721
		<u>1,442,814</u>	<u>1,411,311</u>
Current assets			
Stocks	18	166,919	156,780
Debtors	19	1,656,756	1,950,934
Cash at bank and in hand		168,815	401,889
		<u>1,992,490</u>	<u>2,509,603</u>
Creditors: amounts falling due within one year	20	<u>(1,788,654)</u>	<u>(2,278,780)</u>
Net current assets		<u>203,836</u>	<u>230,823</u>
Total assets less current liabilities		<u>1,646,650</u>	<u>1,642,134</u>
Provisions for liabilities	22	<u>(22,936)</u>	<u>(20,534)</u>
Net assets		<u>1,623,714</u>	<u>1,621,600</u>
Capital and reserves			
Called up share capital	25	12,000	12,004
Capital redemption reserve		3,004	3,000
Profit and loss reserves		1,608,710	1,606,596
Total equity		<u>1,623,714</u>	<u>1,621,600</u>

The financial statements were approved by the board of directors and authorised for issue on 9 June 2016 and are signed on its behalf by:


S W Penketh
Director

Company Registration No. 01287607

PENKETH'S LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2014		12,004	3,000	1,507,630	1,522,634
Period ended 31 December 2014:					
Profit and total comprehensive income for the year		-	-	614,966	614,966
Dividends	12	-	-	(516,000)	(516,000)
Balance at 31 December 2014		12,004	3,000	1,606,596	1,621,600
Period ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	366,018	366,018
Dividends	12	-	-	(363,900)	(363,900)
Redemption of shares	25	(4)	-	-	(4)
Transfers		-	4	(4)	-
Balance at 31 December 2015		12,000	3,004	1,608,710	1,623,714

PENKETH'S LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash generated from operations	29		636,734		711,506
Interest paid			3,459		(6,090)
Income taxes paid			(168,981)		(156,862)
Net cash inflow from operating activities			471,212		548,554
Investing activities					
Purchase of tangible fixed assets		(61,534)		(120,329)	
Proceeds on disposal of tangible fixed assets		7,350		1,674	
Proceeds on disposal of fixed asset investments		-		3,942	
Purchase of fixed asset investments		(42,058)		(150,427)	
Interest received		77		174	
Dividends received		18,148		3,681	
Net cash used in investing activities			(78,017)		(261,285)
Financing activities					
Purchase of own shares		(4)			
Repayment of borrowings		(73,438)		5,802	
Repayment of bank loans		(59,368)		(74,805)	
Dividends paid		(363,900)		(516,000)	
Net cash used in financing activities			(496,710)		(585,003)
Net decrease in cash and cash equivalents			(103,515)		(297,734)
Cash and cash equivalents at beginning of year			272,330		570,064
Cash and cash equivalents at end of year			168,815		272,330
Relating to:					
Cash at bank and in hand			168,815		401,889
Bank overdrafts included in creditors payable within one year			-		(129,559)

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Penketh's Limited is a company limited by shares incorporated in England and Wales. The registered office is 2 Bassendale Road, Croft Business Park, Bromborough, Wirral, Merseyside, CH62 3QL.

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 on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of Penketh's Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 30.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company 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.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.4 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:

Leasehold land and buildings	0.096% straight line
Plant and equipment	20% reducing balance
Computers	25% straight line
Website	25% straight line

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 credited or charged to profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Due to its restatement at fair value at each reporting date as required under FRS 102, investment property is not depreciated. This departs from a requirement of the Companies Act 2006 which requires all fixed assets to be depreciated. The departure from the provisions of the Act is required in order to achieve a fair presentation. Management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows.

The directors obtained a third party professional valuation of the investment property at Unit 4 Bassendale Road, Bromborough, from Messrs Wright Marshall, Chartered Surveyors on 11 August 2015 which is included in these financial statements. The directors of the opinion that there is no material change in valuation between this date and 31 December 2015. This valuation is similar to a valuation undertaken some time ago, and whilst the directors recognise that there have been fluctuations in the property market since the original valuation was carried out, it has been impractical to ascertain the movements, if any, specifically attributable to the current and previous year, and for that reason, have retained the current valuation throughout these two years. The directors are confident that any such movements would not have had a material impact on the results shown by these financial statements.

1.6 Impairment of fixed assets

At each reporting end date, the company 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.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of purchase cost and net realisable value. Cost is measured on a first-in-first-out basis.

At each reporting date, a provision is made for impairment. Any excess of the carrying amount of stocks over its expected net realisable value is recognised as an impairment loss in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents 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.

1.9 Financial instruments

The company 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.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.10 Equity instruments

Equity instruments issued by the company 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 company.

1.11 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 when the company has 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.

1.12 Employee benefits

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

1.13 Retirement benefits

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

1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

3 Turnover and other revenue

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

	2015	2014
	£	£
Turnover		
Sale of goods	10,083,049	10,369,511

Other significant revenue

Interest income	77	174
Dividends received	18,148	3,681

Turnover analysed by geographical market

	2015	2014
	£	£
UK	10,083,049	10,369,511

4 Operating profit

	2015	2014
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	51,900	46,161
Profit/(loss) on disposal of tangible fixed assets	(867)	12,920
Amortisation of intangible assets	-	38,188
Cost of stocks recognised as an expense	6,881,887	6,903,140
Operating lease charges	188,828	183,360

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

5 Auditors' remuneration

	2015	2014
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	6,000	5,900

Included within accountancy fees are the following amounts payable to the company's auditor: preparation of accounts £1,000 (2014 - £1,000), payroll fees £2,013 (2014 - £1,811) and taxation and other fees £3,800 (2014 - £2,250).

6 Employees

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

	2015	2014
	Number	Number
Directors	5	5
Finance, IT and administration	9	11
Buying	4	3
Operations	10	11
Design	4	3
Sales and marketing	14	13
Warehouse	27	23
	73	69

Their aggregate remuneration comprised:

	2015	2014
	£	£
Wages and salaries	1,729,668	1,599,387
Social security costs	181,199	158,617
Pension costs	144,595	139,567
	2,055,462	1,897,571

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

7 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	256,905	267,615
Company pension contributions to defined contribution schemes	102,301	110,606
	<u>359,206</u>	<u>378,221</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2014 - 5).

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

Remuneration for qualifying services	94,637	98,689
Company pension contributions to defined contribution schemes	11,364	20,840
Accrued lump sum at the end of the year	<u>94,637</u>	<u>-</u>

8 Interest receivable and similar income

	2015 £	2014 £
Interest income		
Interest on bank deposits	65	174
Other interest income	<u>12</u>	<u>-</u>
Total interest revenue	77	174
Other income from investments		
Dividends received	<u>18,148</u>	<u>3,681</u>
Total income	<u>18,225</u>	<u>3,855</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	65	174
Dividends from financial assets measured at fair value through profit or loss	<u>18,148</u>	<u>3,681</u>

9 Interest payable and similar charges

	2015 £	2014 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>(3,459)</u>	<u>6,090</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

10 Amounts (written back) / written off investments

	2015 £	2014 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(13,706)	674
Other gains/(losses)		
Gain/(loss) on disposal of fixed asset investments	-	(948)
	<u>(13,706)</u>	<u>(274)</u>

11 Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the current period	85,869	165,482
Adjustments in respect of prior periods	3,499	-
Total current tax	<u>89,368</u>	<u>165,482</u>
Deferred tax		
Origination and reversal of timing differences	4,455	6,111
Changes in tax rates	(2,053)	-
Total deferred tax	<u>2,402</u>	<u>6,111</u>
Total tax charge	<u>91,770</u>	<u>171,593</u>

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £	2014 £
Profit before taxation	<u>457,788</u>	<u>786,559</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 20.00%)	91,558	157,312
Tax effect of expenses that are not deductible in determining taxable profit	4,419	3,088
Tax effect of income not taxable in determining taxable profit	(3,630)	(736)
Depreciation on assets not qualifying for tax allowances	1,280	3,060
Tax charged at higher rates	393	9,302
Other short term timing differences	(2,250)	(433)
Tax expense for the year	<u>91,770</u>	<u>171,593</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

12 Dividends

	2015 £	2014 £
Interim paid	363,900	516,000
	<u>363,900</u>	<u>516,000</u>

13 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2015 and 31 December 2015	<u>221,000</u>
Amortisation and impairment	
At 1 January 2015 and 31 December 2015	<u>221,000</u>
Carrying amount	
At 31 December 2015	<u>-</u>
At 31 December 2014	<u>-</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

14 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Computers	Website	Total
	£	£	£	£	£
Cost					
At 1 January 2015	671,780	203,048	157,146	129,574	1,161,548
Additions	1,040	27,397	33,097	-	61,534
Disposals	-	(29,506)	(44,038)	-	(73,544)
Transfers	(20,200)	42,621	(1,374)	-	21,047
At 31 December 2015	652,620	243,560	144,831	129,574	1,170,585
Depreciation and impairment					
At 1 January 2015	85,567	122,910	107,908	129,574	445,959
Depreciation charged in the year	5,219	20,418	26,263	-	51,900
Eliminated in respect of disposals	-	(23,118)	(43,943)	-	(67,061)
Transfers	(1,106)	23,590	(1,438)	-	21,046
At 31 December 2015	89,680	143,800	88,790	129,574	451,844
Carrying amount					
At 31 December 2015	562,940	99,760	56,041	-	718,741
At 31 December 2014	586,213	80,138	49,239	-	715,590

Barclays Bank PLC holds security in the form of a legal mortgage over the properties known as Unit 2 and 4 Bassendale Road, Bromborough included above, as well as fixed and floating charges over all other assets of the company including trade and other book debts.

15 Investment property

	2015 £
Fair value	
At 1 January 2015 and 31 December 2015	450,000

Investment property comprises Unit 4 Bassendale Road, Bromborough. The fair value of the investment property has been arrived at on the basis of a valuation carried out on 11 August 2015 by Wright Marshall Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The directors consider that based on this professional valuation, the valuation of the property as at 1 January 2014, 31 December 2014 and 31 December 2015 is not materially different from £450,000.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

16 Fixed asset investments

	2015 £	2014 £
Listed investments	260,168	231,816
Unlisted investments	13,905	13,905
	<u>274,073</u>	<u>245,721</u>
Listed investments included above:		
Listed investments carrying amount	<u>260,168</u>	<u>231,816</u>

Fixed asset investments revalued

Listed investments are stated at their quoted market price as at the reporting date. Historical cost of the listed investments above was £263,125 as at 31 December 2015 (2014 - £221,067).

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2015	245,721
Additions	42,058
Valuation changes	(13,706)
At 31 December 2015	<u>274,073</u>
Carrying amount	
At 31 December 2015	<u>274,073</u>
At 31 December 2014	<u>245,721</u>

17 Financial instruments

	2015 £	2014 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,535,384	1,848,612
Equity instruments measured at cost less impairment	13,905	13,905
Instruments measured at fair value through profit or loss	260,168	231,816
Carrying amount of financial liabilities		
Measured at amortised cost	<u>1,524,046</u>	<u>1,874,661</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

18 Stocks

	2015 £	2014 £
Finished goods and goods for resale	166,919	156,780

The provision for obsolete stock included in the above was £38,900 as at 31 December 2015 (2014 - £35,750).

19 Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	1,534,609	1,843,660
Other debtors	775	4,952
Prepayments and accrued income	121,372	102,322
	<u>1,656,756</u>	<u>1,950,934</u>

20 Creditors: amounts falling due within one year

	Notes	2015 £	2014 £
Loans and overdrafts	21	53,560	315,925
Trade creditors		1,230,737	1,400,346
Corporation tax		85,869	165,482
Other taxation and social security		178,739	238,637
Accruals and deferred income		239,749	158,390
		<u>1,788,654</u>	<u>2,278,780</u>

Included in bank loans and overdrafts above are amounts totalling £nil (2014 - £188,927) that are secured by the company. Detail of the security given is included in note 13.

Included within accruals is £nil (2014 - £16,000) relating to pension contributions that were unpaid at the year end date.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

21 Loans and overdrafts

	2015 £	2014 £
Bank loans	-	59,368
Bank overdrafts	-	129,559
Directors' loans	53,560	126,998
	<u>53,560</u>	<u>315,925</u>
Payable within one year	<u>53,560</u>	<u>315,925</u>

The bank loans and overdraft are secured by fixed charges as disclosed in note 13.

22 Provisions for liabilities

	2015 £	2014 £
Deferred tax liabilities	22,936	20,534
	<u>22,936</u>	<u>20,534</u>

23 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

	Liabilities 2015 £	Liabilities 2014 £
Balances:		
Accelerated capital allowances	<u>22,936</u>	<u>20,534</u>
Movements in the year:		
Liability at 1 January 2015		20,534
Charge to profit or loss		2,402
Liability at 31 December 2015		<u>22,936</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

24 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £144,595 (2014 - £139,567).

25 Share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
12,000 Ordinary shares of £1 each	12,000	12,000
"A" shares of £1 each	-	1
"B" shares of £1 each	-	1
"C" shares of £1 each	-	1
"D" shares of £1 each	-	1
	<u>12,000</u>	<u>12,004</u>

All ordinary shares rank equally for voting, dividend and distribution purposes.

Reconciliation of movements during the year:

	Ordinary shares "A", "B", "C" and "D" shares	
	Number	Number
At 1 January 2015	12,000	4
Share repurchase	-	(4)
At 31 December 2015	<u>12,000</u>	<u>-</u>

During the year, the "A", "B", "C" and "D" shares were bought back by the company at par value of £1 each and cancelled upon redemption.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £	2014 £
Within one year	92,971	107,108
Between two and five years	134,074	107,721
	<u>227,045</u>	<u>214,829</u>

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2015 £	2014 £
Aggregate compensation	<u>310,961</u>	<u>378,221</u>

No guarantees have been given or received.

28 Directors' transactions

During the year, Mr M Penketh had an overdrawn director's loan account with the company. The maximum that the balance was overdrawn during the year was £5,721. Interest was charged on the overdrawn balance at 3.25%, amounting to £10 during the year. The loan account was in credit as at 31 December 2015.

Dividends totalling £181950 (2014 - £319500) were paid in the year in respect of shares held by the company's directors.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

29 Cash generated from operations

	2015 £	2014 £
Profit for the year after tax	366,018	614,966
Adjustments for:		
Taxation charged	91,770	171,593
Finance costs	(3,459)	6,090
Investment income	(18,225)	(3,855)
(Gain)/loss on disposal of tangible fixed assets	(867)	12,920
Amortisation and impairment of intangible assets	-	38,188
Depreciation and impairment of tangible fixed assets	51,900	46,161
(Gain)/loss on sale of investments	-	948
Amounts (written back) / written off investments	13,706	(674)
Movements in working capital:		
(Increase) in stocks	(10,139)	(10,349)
Decrease/(increase) in debtors	294,178	(312,765)
(Decrease)/increase in creditors	(148,148)	148,283
Cash generated from operations	636,734	711,506

30 Reconciliations on adoption of FRS 102

Reconciliation of equity

Notes	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	£	£	£	£	£	£
Fixed assets						
Goodwill	38,188	-	38,188	-	-	-
Tangible assets	656,016	-	656,016	715,590	-	715,590
Investment properties 1	360,242	89,758	450,000	357,026	92,974	450,000
Investments 2	89,435	10,075	99,510	234,972	10,749	245,721
	<u>1,143,881</u>	<u>99,833</u>	<u>1,243,714</u>	<u>1,307,588</u>	<u>103,723</u>	<u>1,411,311</u>
Current assets						
Stocks	146,431	-	146,431	156,780	-	156,780
Debtors	1,638,169	-	1,638,169	1,950,934	-	1,950,934
Bank and cash	585,492	-	585,492	401,889	-	401,889
	<u>2,370,092</u>	<u>-</u>	<u>2,370,092</u>	<u>2,509,603</u>	<u>-</u>	<u>2,509,603</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

30 Reconciliations on adoption of FRS 102

Notes	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Creditors due within one year						
Loans and overdrafts	(217,519)	-	(217,519)	(315,925)	-	(315,925)
Taxation	(386,548)	-	(386,548)	(404,119)	-	(404,119)
Other creditors	(1,419,404)	-	(1,419,404)	(1,558,736)	-	(1,558,736)
	<u>(2,023,471)</u>	<u>-</u>	<u>(2,023,471)</u>	<u>(2,278,780)</u>	<u>-</u>	<u>(2,278,780)</u>
Net current assets	<u>346,621</u>	<u>-</u>	<u>346,621</u>	<u>230,823</u>	<u>-</u>	<u>230,823</u>
Total assets less current liabilities	<u>1,490,502</u>	<u>99,833</u>	<u>1,590,335</u>	<u>1,538,411</u>	<u>103,723</u>	<u>1,642,134</u>
Creditors due after one year						
Loans and overdrafts	<u>(53,278)</u>	<u>-</u>	<u>(53,278)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provisions for liabilities						
Deferred tax	<u>(14,423)</u>	<u>-</u>	<u>(14,423)</u>	<u>(20,534)</u>	<u>-</u>	<u>(20,534)</u>
Net assets	<u>1,422,801</u>	<u>99,833</u>	<u>1,522,634</u>	<u>1,517,877</u>	<u>103,723</u>	<u>1,621,600</u>
Capital and reserves						
Share capital	12,004	-	12,004	12,004	-	12,004
Capital redemption	3,000	-	3,000	3,000	-	3,000
Profit and loss	<u>1,407,797</u>	<u>99,833</u>	<u>1,507,630</u>	<u>1,502,873</u>	<u>103,723</u>	<u>1,606,596</u>
Total equity	<u>1,422,801</u>	<u>99,833</u>	<u>1,522,634</u>	<u>1,517,877</u>	<u>103,723</u>	<u>1,621,600</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

30 Reconciliations on adoption of FRS 102

Reconciliation of profit or loss for the year

	Notes	Year ended 31 December 2014		FRS 102
		Previous UK GAAP	Effect of transition	
		£	£	£
Turnover		10,369,511	-	10,369,511
Cost of sales		(6,903,140)	-	(6,903,140)
Gross profit		3,466,371	-	3,466,371
Administrative expenses	1	(2,768,519)	3,216	(2,765,303)
Other operating income		88,000	-	88,000
Operating profit		785,852	3,216	789,068
Interest receivable and similar income		3,855	-	3,855
Interest payable and similar charges		(6,090)	-	(6,090)
Amounts (written back) / written off investments	2	(948)	674	(274)
Profit before taxation		782,669	3,890	786,559
Taxation		(171,593)	-	(171,593)
Profit for the financial period		611,076	3,890	614,966

Notes to reconciliations on adoption of FRS 102

1 - Investment property

Relates to reclassification of investment property from leasehold property. Depreciation to date has been written back and the investment property is stated in accordance with the accounting policy at note 1.

2 - Listed investments

Relates to restatement of quoted investments to show at fair value at each reporting date in accordance with the accounting policy at note 1. Movements are taken to the profit and loss account in accordance with FRS 102 Sections 11 and 12.