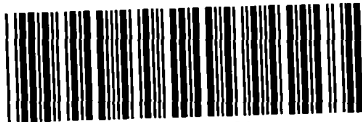


PENKETH'S LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

TUESDAY



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COMPANIES HOUSE

PENKETH'S LIMITED

COMPANY INFORMATION

Directors	M S Penketh D J Finn P A Mann C M Penketh	(Appointed 9 May 2017)
Secretary	D J Finn	
Company number	01287607	
Registered office	2 Bassendale Road Croft Business Park Bromborough Wirral Merseyside CH62 3QL	
Auditor	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 comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 25

PENKETH'S LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

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. The directors were pleased with record turnover figures for the year albeit with a fall in profits before tax. This fall was largely due to the costs associated with the creation of a Manchester showroom.

Principal risks and uncertainties

The principal risks that the company faces are due to competitive and consumer risk. The company operates in a competitive environment with certain divisions in global decline. The company therefore needs to ensure that it keeps product prices competitive as well as to continue to diversify its range of products.

Development and performance

The company is focusing on developing its presence in Manchester and is anticipating further growth in turnover and profits.

Key performance indicators

Turnover – up 13% from 2015 (2015 was down 3% from 2014).

Gross profit – up 2% from 2015 (2015 was down 8% from 2014).

Post balance sheet date events

The company entered into a 10 year lease agreement for a showroom in Neo Building, 9 Charlotte Street, Manchester.

On 5 May 2017, Penketh's Limited became a wholly owned subsidiary of Penketh Group Holdings Limited, a company registered in England and Wales (company number 10622184) following a restructure of the shareholding and the consequential resignation of two directors.

By order of the board



.....
D J Finn

Secretary

11/3/17

PENKETH'S LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

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	(Resigned 5 May 2017)
M S Penketh	
S W Penketh	(Resigned 5 May 2017)
D J Finn	
P A Mann	
C M Penketh	(Appointed 9 May 2017)

Results and dividends

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

Ordinary dividends were paid amounting to £252,000. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Mitchell Charlesworth LLP, is 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 auditor 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 company's auditor is aware of that information.

PENKETH'S LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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



.....
D J Finn

Secretary

11/7/17

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 2016 which comprise the Statement of 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 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, 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 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

21/7/17
.....

Chartered Accountants
Statutory Auditor

24 Nicholas Street
Chester
CH1 2AU

PENKETH'S LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	11,389,379	10,083,049
Cost of sales		(8,109,797)	(6,881,887)
Gross profit		3,279,582	3,201,162
Administrative expenses		(3,123,242)	(2,828,478)
Other operating income		78,478	77,126
Operating profit	4	234,818	449,810
Interest receivable and similar income	8	13,969	18,225
Interest payable and similar expenses	9	(1,117)	3,459
Gains and losses on sale and valuation of investments	10	63,005	(13,706)
Profit before taxation		310,675	457,788
Taxation	11	(58,787)	(91,770)
Profit for the financial year		251,888	366,018

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

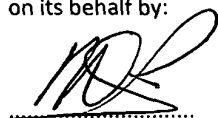
PENKETH'S LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	14		702,790		718,741
Investment properties	15		450,000		450,000
Investments	16		231,891		274,073
			<u>1,384,681</u>		<u>1,442,814</u>
Current assets					
Stocks	18	157,151		166,919	
Debtors	19	2,071,464		1,656,756	
Cash at bank and in hand		828		168,815	
		<u>2,229,443</u>		<u>1,992,490</u>	
Creditors: amounts falling due within one year	20	<u>(1,965,256)</u>		<u>(1,788,654)</u>	
Net current assets			<u>264,187</u>		<u>203,836</u>
Total assets less current liabilities			<u>1,648,868</u>		<u>1,646,650</u>
Provisions for liabilities	22		<u>(25,266)</u>		<u>(22,936)</u>
Net assets			<u>1,623,602</u>		<u>1,623,714</u>
Capital and reserves					
Called up share capital	25		12,000		12,000
Capital redemption reserve			3,004		3,004
Profit and loss reserves			<u>1,608,598</u>		<u>1,608,710</u>
Total equity			<u>1,623,602</u>		<u>1,623,714</u>

The financial statements were approved by the board of directors and authorised for issue on11/3/17..... and are signed on its behalf by:



M S Penketh
Director

Company Registration No. 01287607

PENKETH'S LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

		Share capital	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2015		12,004	3,000	1,606,596	1,621,600
Year 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
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	251,888	251,888
Dividends	12	-	-	(252,000)	(252,000)
Balance at 31 December 2016		12,000	3,004	1,608,598	1,623,602

PENKETH'S LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	29		(56,963)		636,734
Interest paid			(1,117)		3,459
Income taxes paid			(85,869)		(168,981)
Net cash (outflow)/inflow from operating activities			(143,949)		471,212
Investing activities					
Purchase of tangible fixed assets		(47,223)		(61,534)	
Proceeds on disposal of tangible fixed assets		1,860		7,350	
Purchase of fixed asset investments		(20,350)		(42,058)	
Proceeds on disposal of fixed asset investments		125,538		-	
Interest received		3		77	
Dividends received		13,966		18,148	
Net cash generated from/(used in) investing activities			73,794		(78,017)
Financing activities					
Purchase of own shares		-		(4)	
Repayment of borrowings		(70,717)		(73,438)	
Repayment of bank loans		-		(59,368)	
Dividends paid		(252,000)		(363,900)	
Net cash used in financing activities			(322,717)		(496,710)
Net decrease in cash and cash equivalents			(375,715)		(103,511)
Cash and cash equivalents at beginning of year			168,815		272,330
Cash and cash equivalents at end of year			(224,057)		168,815
Relating to:					
Cash at bank and in hand			828		168,815
Bank overdrafts included in creditors payable within one year			(224,885)		-

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Penketh's Limited is a private 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 under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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.

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.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

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 2016. 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 period 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.

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.

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 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.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

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 balance sheet 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 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.

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 publicly 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.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Basic financial liabilities, including creditors, 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 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.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

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.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

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.

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.

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Turnover and other revenue

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

	2016 £	2015 £
Turnover		
Sale of goods	11,389,379	10,083,049
Other significant revenue		
Interest income	3	77
Dividends received	13,966	18,148

Turnover analysed by geographical market

	2016 £	2015 £
UK	11,389,379	10,083,049

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	53,046	51,900
Loss/(profit) on disposal of tangible fixed assets	8,269	(867)
Cost of stocks recognised as an expense	8,109,797	6,881,887
Operating lease charges	248,624	188,828

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	7,360	6,000

Included within accountancy fees are the following amounts payable to the company's auditor: preparation of accounts £1,100 (2015 - £1,000), payroll fees £2,215 (2015 - £2,013) and taxation and other fees £3,900 (2015 - £3,800).

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Employees

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

	2016 Number	2015 Number
Directors	5	5
Finance, IT and administration	9	9
Buying	5	4
Operations	11	10
Design	5	4
Sales and marketing	17	14
Warehouse	25	27
	<u>77</u>	<u>73</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,841,765	1,729,668
Social security costs	180,735	181,199
Pension costs	158,336	144,595
	<u>2,180,836</u>	<u>2,055,462</u>

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	222,435	256,905
Company pension contributions to defined contribution schemes	111,469	102,301
	<u>333,904</u>	<u>359,206</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2015 - 5).

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

Remuneration for qualifying services	68,877	94,637
Company pension contributions to defined contribution schemes	13,902	11,364
	<u>82,779</u>	<u>106,001</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	3	65
Other interest income	-	12
	<u>3</u>	<u>77</u>
Total interest revenue	3	77
Other income from investments		
Dividends received	13,966	18,148
	<u>13,966</u>	<u>18,148</u>
Total income	13,969	18,225

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	3	65
Dividends from financial assets measured at fair value through profit or loss	13,966	18,148
	<u>13,966</u>	<u>18,148</u>

9 Interest payable and similar expenses

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,052	(3,459)
Other finance costs:		
Other interest	65	-
	<u>1,117</u>	<u>(3,459)</u>

10 Gains and losses on sale and valuation of investments

	2016 £	2015 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	17,695	(13,706)
Other gains/(losses)		
Gain on disposal of investments held at fair value	45,310	-
	<u>63,005</u>	<u>(13,706)</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	56,457	85,869
Adjustments in respect of prior periods	-	3,499
Total current tax	<u>56,457</u>	<u>89,368</u>
Deferred tax		
Origination and reversal of timing differences	2,330	4,455
Changes in tax rates	-	(2,053)
Total deferred tax	<u>2,330</u>	<u>2,402</u>
Total tax charge	<u>58,787</u>	<u>91,770</u>

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

	2016 £	2015 £
Profit before taxation	<u>310,675</u>	<u>457,788</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	62,135	91,558
Tax effect of expenses that are not deductible in determining taxable profit	751	1,678
Tax effect of income not taxable in determining taxable profit	(2,793)	(3,630)
Gains not taxable	(2,399)	-
Tax effect of utilisation of tax losses not previously recognised	(314)	-
Adjustments in respect of prior years	-	3,499
Depreciation on assets not qualifying for tax allowances	1,259	1,312
Effect of revaluations of investments	-	2,741
Deferred taxation not provided	-	(5,857)
Adjustment to reflect effective tax rate	148	469
Taxation for the year	<u>58,787</u>	<u>91,770</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Dividends

	2016 £	2015 £
Interim paid	252,000	363,900

13 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2016 and 31 December 2016	221,000
Amortisation and impairment	
At 1 January 2016 and 31 December 2016	221,000
Carrying amount	
At 31 December 2016	-
At 31 December 2015	-

14 Tangible fixed assets

	Leasehold land and buildings £	Plant and equipment £	Computers £	Website £	Total £
Cost					
At 1 January 2016	652,620	243,560	144,831	129,574	1,170,585
Additions	-	28,771	18,453	-	47,224
Disposals	-	(25,493)	(5,121)	-	(30,614)
At 31 December 2016	652,620	246,838	158,163	129,574	1,187,195
Depreciation and impairment					
At 1 January 2016	89,679	143,800	88,790	129,574	451,843
Depreciation charged in the year	5,221	21,663	26,162	-	53,046
Eliminated in respect of disposals	-	(15,761)	(4,723)	-	(20,484)
At 31 December 2016	94,900	149,702	110,229	129,574	484,405
Carrying amount					
At 31 December 2016	557,720	97,136	47,934	-	702,790
At 31 December 2015	562,940	99,760	56,041	-	718,741

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Tangible fixed assets

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

2016

£

Fair value

At 1 January 2016 and 31 December 2016

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 31 December 2015 and 31 December 2016 is not materially different from £450,000.

16 Fixed asset investments

2016

£

2015

£

Listed investments

231,891

260,168

Unlisted investments

-

13,905

231,891

274,073

Listed investments included above:

Listed investments carrying amount

231,891

260,168

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 £222,718 as at 31 December 2016 (2015 - £263,125).

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16 Fixed asset investments

Movements in fixed asset investments

	Investments other than loans
	£
Cost or valuation	
At 1 January 2016	274,073
Additions	20,350
Valuation changes	17,695
Disposals	(80,227)
At 31 December 2016	231,891
Carrying amount	
At 31 December 2016	231,891
At 31 December 2015	274,073

17 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,953,864	1,535,384
Equity instruments measured at cost less impairment	-	13,905
Instruments measured at fair value through profit or loss	231,891	260,168
Carrying amount of financial liabilities		
Measured at amortised cost	1,720,054	1,524,046

18 Stocks

	2016	2015
	£	£
Finished goods and goods for resale	157,151	166,919

The amount of impairment losses for obsolete stock recognised in the statement of comprehensive income during the year was £30,028 (2015 - £6,032).

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	1,935,690	1,534,609
Other debtors	18,174	775
Prepayments and accrued income	117,600	121,372
	<u>2,071,464</u>	<u>1,656,756</u>

The amount of impairment losses for trade debtors recognised in the statement of comprehensive income during the year was £1,826 (2015 - £3,806).

20 Creditors: amounts falling due within one year

	Notes	2016	2015
		£	£
Bank loans and overdrafts	21	224,885	-
Trade creditors		1,272,950	1,230,737
Corporation tax		56,457	85,869
Other taxation and social security		182,412	178,739
Other creditors		-	53,560
Accruals and deferred income		228,552	239,749
		<u>1,965,256</u>	<u>1,788,654</u>

21 Loans and overdrafts

	2016	2015
	£	£
Bank overdrafts	<u>224,885</u>	<u>-</u>
Payable within one year	<u>224,885</u>	<u>-</u>

The bank loans and overdraft are secured by fixed charges as disclosed in note 14.

22 Provisions for liabilities

	Notes	2016	2015
		£	£
Deferred tax liabilities	23	<u>25,266</u>	<u>22,936</u>
		<u>25,266</u>	<u>22,936</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 £	Liabilities 2015 £
Balances:		
Accelerated Capital Allowances	22,788	22,936
Revaluations	2,478	-
	<u>25,266</u>	<u>22,936</u>
Movements in the year:		2016 £
Liability at 1 January 2016		22,936
Charge to profit or loss		<u>2,330</u>
Liability at 31 December 2016		<u>25,266</u>

24 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>158,336</u>	<u>144,595</u>

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.

25 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
12,000 Ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>

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

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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:

	2016 £	2015 £
Within one year	182,050	92,971
Between two and five years	491,941	71,675
	<u>673,991</u>	<u>164,646</u>

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2016 £	2015 £
Within one year	38,750	-
Between two and five years	120,750	-
	<u>159,500</u>	<u>-</u>

27 Related party transactions

Remuneration of key management personnel

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

	2016 £	2015 £
Aggregate compensation	<u>286,923</u>	<u>310,961</u>

PENKETH'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

28 Directors' transactions

Dividends totalling £252,000 (2015 - £181,950) were paid in the year in respect of shares held by the company's directors.

Description	Opening balance	Amounts advanced	Closing balance
	£	£	£
A J Penketh	-	8,548	8,548
M S Penketh	-	8,100	8,100
S W Penketh	-	510	510
	-	17,158	17,158

29 Cash generated from operations

	2016	2015
	£	£
Profit for the year after tax	251,888	366,018
Adjustments for:		
Taxation charged	58,787	91,770
Finance costs	1,117	(3,459)
Investment income	(13,969)	(18,225)
Loss/(gain) on disposal of tangible fixed assets	8,269	(867)
Depreciation and impairment of tangible fixed assets	53,046	51,900
Amounts written off investments	(63,005)	13,706
Movements in working capital:		
Decrease/(increase) in stocks	9,768	(10,139)
(Increase)/decrease in debtors	(397,553)	294,178
Increase/(decrease) in creditors	34,689	(148,148)
Cash (absorbed by)/generated from operations	(56,961)	636,734