Company Registration No. 01391526 (England and Wales)

PEERS HARDY (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

PEERS HARDY (UK) LIMITED

COMPANY INFORMATION

Directors	Mr J Story Mr N Baker Mr P V Harry Mr D N Crowe
Secretary	Mr D N Crowe
Company number	01391526
Registered office	Precision House, Starley Way Birmingham International Business Park Bickenhill Lane Solihull B37 7GN
Auditors	CK Audit No.4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH
Business address	Precision House, Starley Way Birmingham International Business Park Bickenhill Lane Solihull B37 7GN

PEERS HARDY (UK) LIMITED

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PEERS HARDY (UK) 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
Turnover has increased by £4,065,192 (13.5%) and gross margin by 3.5% points compared to 2014. This reflects the Director's continuing efforts to grow the company through the launch of new brands and product lines, entering new markets and competing to increase its customer base and market share.

The accounts disclose an operating profit for the year of £1,469,085 (2014 £260,632) and a profit after interest and taxation of £895,821 (2014 £755,417) which the Director's believe to be a satisfactory result. The company's balance sheet is also satisfactory with shareholder's funds amounting to £7,285,851 (2014 £6,794,433) at the balance sheet date.

The accounts for 2015 have been prepared under the new accounting framework; FRS 102. The transitional adjustments had had the following impact on the accounts:

Fair value of foreign currency contracts:

- Decrease in profit of £148,831 (2014 increase in profit of £603,432)
- Derivative financial instrument debtor at the balance sheet date of £193,169 (2014 £342,000)

Operating lease incentives:

- Increase in profit of £40,708 (2014 decrease in profit of £48,925)
- Creditor at the balance sheet date of £126,217 (2014 £166,925)

The Directors regularly monitor the performance of the business through the use of key performance indicators including sales, gross margin, overheads and cash flow.

As with all commercial operations, Peers Hardy's operations are carried out in an environment of risk. The Board have procedures in place to both monitor and mitigate these risks.

- A large proportion of the company's products are purchased in US$ whilst many customers are invoiced in £. The resultant exchange rate risk is mitigated by entering into forward currency contracts.
- The provision of timely and quality supplies is key to customer retention. Suppliers are constantly monitored for both and the company works with its key suppliers to mitigate this risk.
- The management of working capital risk is subject to strict internal control procedures and planning.

The Director's believe that the company remains in a strong financial and commercial position.

On behalf of the board

Mr J Story
Director
3 June 2016

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

Principal activities
The principal activity of the company continued to be that of designing, importing and distributing watches, clocks and gift products

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

Mr J Story
Mr N Baker
Mr P V Harry
Mr D N Crowe

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

Ordinary dividends were paid amounting to £404,403. The directors do not recommend payment of a final dividend.

Auditors
The auditors, CK Audit, 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 auditors
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.

On behalf of the board

Mr J Story
Director
3 June 2016

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PEERS HARDY (UK) LIMITED

We have audited the financial statements of Peers Hardy (UK) Limited for the year ended 31 December 2015 which comprise the Profit And Loss Account, 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 auditors
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.

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.

CK Audit

Peter Davies (Senior Statutory Auditor)
for and on behalf of CK Audit

3 June 2016

Chartered Accountants
Statutory Auditor

No.4 Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RH

PEERS HARDY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	34,072,933	30,007,741
Cost of sales		(23,994,996)	(22,212,519)
Gross profit		10,077,937	7,795,222
Distribution costs		(781,058)	(748,515)
Administrative expenses		(7,827,794)	(6,786,075)
Operating profit	4	1,469,085	260,632
Share of results of associates and joint ventures		(66,000)	-
Interest payable and similar charges	8	(41,524)	(52,846)
Fair value gains and losses on foreign exchange contracts		(148,831)	603,432
Profit before taxation		1,212,730	811,218
Taxation	9	(316,909)	(55,801)
Profit for the financial year	25	895,821	755,417
Total comprehensive income for the year		895,821	755,417

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

PEERS HARDY (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Intangible assets	11		60,452		28,383
Tangible assets	12		583,959		735,726
Investments	13		23,450		654
			667,861		764,763
Current assets					
Stocks	15	4,065,216		3,595,180	
Debtors	16	8,439,327		7,234,404	
Cash at bank and in hand		1,769,641		683,973	
		14,274,184		11,513,557	
Creditors: amounts falling due within one year	17	(7,529,752)		(5,315,318)	
Net current assets			6,744,432		6,198,239
Total assets less current liabilities			7,412,293		6,963,002
Creditors: amounts falling due after more than one year	18		(126,442)		(168,569)
Net assets			7,285,851		6,794,433
Capital and reserves					
Called up share capital	22		83,800		83,800
Revaluation reserve	23		39,107		39,107
Capital redemption reserve	24		16,200		16,200
Profit and loss reserves	25		7,146,744		6,655,326
Total equity			7,285,851		6,794,433

The financial statements were approved by the board of directors and authorised for issue on 3 June 2016 and are signed on its behalf by:

Mr J Story
Director

Company Registration No. 01391526

PEERS HARDY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 January 2014		85,000	39,107	15,000	7,009,394	7,148,501
Effect of transition to FRS 102		-	-	-	(379,432)	(379,432)
Balance at 1 January 2014		85,000	39,107	15,000	6,629,962	6,769,069
Period ended 31 December 2014:						
Profit and total comprehensive income for the year		-	-	-	755,417	755,417
Dividends	10	-	-	-	(628,547)	(628,547)
Redemption of shares	22	(1,200)	-	-	-	(1,200)
Transfers		-	-	1,200	(101,506)	(100,306)
Balance at 31 December 2014		83,800	39,107	16,200	6,655,326	6,794,433
Period ended 31 December 2015:						
Profit and total comprehensive income for the year		-	-	-	895,821	895,821
Dividends	10	-	-	-	(404,403)	(404,403)
Balance at 31 December 2015		83,800	39,107	16,200	7,146,744	7,285,851

PEERS HARDY (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Cash flows from operating activities					
Cash generated from operations	32		2,232,000		657,493
Interest paid			(41,524)		(52,846)
Income taxes paid			(67,814)		(284,141)
Net cash inflow from operating activities			2,122,662		320,506
Investing activities					
Purchase of intangible assets		(53,718)		(10,367)	
Purchase of tangible fixed assets		(95,230)		(86,633)	
Proceeds on disposal of tangible fixed assets		127,966		115,000	
Proceeds on disposal of subsidiaries		(714)		-	
Purchase of joint ventures		(88,082)		-	
Net cash (used in)/generated from investing activities			(109,778)		17,586
Financing activities					
Purchase of own shares		-		(101,506)	
Repayment of bank loans		(303,586)		426,077	
Payment of finance leases obligations		(219,227)		(322,328)	
Dividends paid		(404,403)		(628,547)	
Net cash used in financing activities			(927,216)		(626,304)
Net increase/(decrease) in cash and cash equivalents			1,085,668		(288,212)
Cash and cash equivalents at beginning of year			683,973		972,185
Cash and cash equivalents at end of year			1,769,641		683,973

1 Accounting policies

Company information
Peers Hardy (UK) Limited is a company limited by shares incorporated in England and Wales. The registered office is Precision House, Starley Way, Birmingham International Business Park, Bickenhill Lane, Solihull, B37 7GN.

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 trade marks 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 Peers Hardy (UK) 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 33.

The company has taken advantage of the exemption under section 402 of the Companies Act 2006 not to prepare consolidated accounts on the basis that the subsidiary companies are not material. The financial statements present information about the company as an individual entity and not about its group.

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

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 Accounting policies **(Continued)**

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation 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:

Trade marks	3 to 10 years

Trademarks held at December 2000 were revalued by the directors and are amortised over their useful economic lives. Acquisitions since that date are stated at cost and are also amortised over their useful economic lives.

1.5 Tangible fixed assets

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

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

Land and buildings Leasehold	Over period of lease (4 years)
Fixtures, fittings & equipment	33% reducing balance / straight line as appropriate
Motor vehicles	15% to 50% reducing balance / straight line as appropriate

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.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1 Accounting policies **(Continued)**

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.

1.8 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

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

1.9 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.

1.10 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.

1 Accounting policies **(Continued)**

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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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.

1 Accounting policies **(Continued)**

Basic financial 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.

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.

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.

Derecognition of financial liabilities

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

1.11 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.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

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

Current tax

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

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

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.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Inventory
Inventories are valued at the lower of cost and net realisation. Net realisation value includes where necessary, provisions for slow moving and obsolete stocks. The calculation of these provisions is made on a line by line basis based on a combination of the item's age, sales history and classification as a discontinued line. The adequacy of the provision is monitored with reference to the amounts realised when old stock is cleared.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are the estimation of rebate and discount accruals by the directors which are based on turnover and agreements in place.

3 Turnover and other revenue

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

	2015	2014
	£	£
Turnover		
Sales of goods	34,072,933	30,007,741

Turnover analysed by geographical market

	2015	2014
	£	£
United Kingdom	25,236,029	25,189,080
Other EC Countries	4,613,937	1,746,895
Rest of the world	4,222,967	3,071,766
	34,072,933	30,007,741

22 Share capital

	2015	2014
	£	£
Ordinary share capital		
Authorised		
850,000 'A' ordinary shares of 10p each	85,000	85,000
Issued and fully paid		
838,000 'A' ordinary shares of 10p each	83,800	83,800

23 Revaluation reserve

	2015	2014
	£	£
At 1 January 2015 & At 31 December 2015	39,107	39,107

24 Capital redemption reserve

	2015	2014
	£	£
At 1 January 2015	16,200	15,000
Transfers	-	1,200
At 31 December 2015	16,200	16,200

25 Profit and loss reserves

	2015	2014
	£	£
At 1 January 2015	6,655,326	6,629,962
Profit for the year	895,821	755,417
Dividends	(404,403)	(628,547)
Purchase of own shares	-	(101,506)
At 31 December 2015	7,146,744	6,655,326

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2015 £	2014 £
Depreciation of owned tangible fixed assets	161,223	174,382
Depreciation of tangible fixed assets held under finance leases	125,708	117,982
Profit/(loss) on disposal of tangible fixed assets	(7,371)	12,559
Amortisation of intangible assets	21,649	9,250
Loss on disposal of intangible assets	-	12,048
Cost of stocks recognised as an expense	23,617,716	22,164,981
Impairment of stocks recognised or reversed	377,280	47,538
Operating lease charges	243,654	261,359

5 Auditors' remuneration

Fees payable to the company's auditor and its associates:	2015 £	2014 £
For audit services		
Audit of the company's financial statements	10,000	10,000
For other services		
Taxation compliance services	750	750
All other non-audit services	2,250	1,250
	3,000	2,000

6 Employees

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

	2015 Number	2014 Number
Distribution	40	42
Administration	32	32
Sales	34	30
	106	104

6 Employees (Continued)

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	3,847,907	3,471,987
Social security costs	422,915	379,189
Pension costs	92,380	67,658
	4,363,202	3,918,834

7 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	994,176	718,004
Company pension contributions to defined contribution schemes	46,552	37,942
	1,040,728	755,946

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2014 - 3).

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

	2015	2014
Remuneration for qualifying services	373,322	270,313
Company pension contributions to defined contribution schemes	7,352	12,865

8 Interest payable and similar charges

	2015 £	2014 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	15,000	15,024
Interest on finance leases and hire purchase contracts	26,524	36,295
Other interest	-	1,527
	41,524	52,846

9 Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the current period	317,363	68,310
Adjustments in respect of prior periods	(454)	-
Total current tax	316,909	68,310

9 Taxation **(Continued)**

Deferred tax		
Origination and reversal of timing differences	-	(12,509)
Total tax charge	316,909	55,801

During the year, the UK corporation tax main rate decreased from 21% to 20%. Following budget 2016 announcements, there will be a further reduction in the main rate of corporation tax to 19% from 1 April 2017.

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

	2015 £	2014 £
Profit before taxation	1,212,730	811,218
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 21.00%)	242,546	170,356
Tax effect of expenses that are not deductible in determining taxable profit	14,633	2,089
Adjustments in respect of prior years	(454)	-
Effect of change in corporation tax rate	3,865	1,647
Permanent capital allowances in excess of depreciation	15,207	15,357
Depreciation on assets not qualifying for tax allowances	4,330	1,943
Amortisation on assets not qualifying for tax allowances	1,767	548
Deferred tax adjustments in respect of prior years	-	(12,509)
Transition adjustments	35,015	(116,446)
Prior year adjustment	-	(7,184)
Tax expense for the year	316,909	55,801

10 Dividends

	2015 £	2014 £
Final paid	404,403	628,547
	404,403	628,547

11 Intangible fixed assets

	Goodwill	Trade marks	Total
	£	£	£
Cost			
At 1 January 2015	361,926	116,004	477,930
Additions - separately acquired	-	53,718	53,718
At 31 December 2015	361,926	169,722	531,648
Amortisation and impairment			
At 1 January 2015	361,926	87,621	449,547
Amortisation charged for the year	-	21,649	21,649
At 31 December 2015	361,926	109,270	471,196
Carrying amount			
At 31 December 2015	-	60,452	60,452
At 31 December 2014	-	28,383	28,383

12 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2015	79,410	1,387,203	614,190	2,080,803
Additions	17,133	78,096	160,530	255,759
Disposals	(16,843)	(13,344)	(224,058)	(254,245)
At 31 December 2015	79,700	1,451,955	550,662	2,082,317
Depreciation and impairment				
At 1 January 2015	15,423	1,109,628	220,026	1,345,077
Depreciation charged in the year	8,834	152,843	125,254	286,931
Eliminated in respect of disposals	(2,267)	(12,804)	(118,579)	(133,650)
At 31 December 2015	21,990	1,249,667	226,701	1,498,358
Carrying amount				
At 31 December 2015	57,710	202,288	323,961	583,959
At 31 December 2014	63,988	277,574	394,164	735,726

12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £125,708 (2014 - £117,982) for the year.

	2015	2014
	£	£
Plant and machinery	50,252	80,056
Motor vehicles	312,962	343,475
	363,214	423,531

13 Fixed asset investments

	Notes	2015	2014
		£	£
Investments in subsidiaries	30	954	240
Investments in joint ventures	31	22,496	414
		23,450	654

Movements in fixed asset investments

	Shares in group undertakings and participating interests
	£
Cost or valuation	
At 1 January 2015	654
Additions	88,796
Share of profit/(loss) - joint venture	(66,000)
At 31 December 2015	23,450
Carrying amount	
At 31 December 2015	23,450
At 31 December 2014	654

14 Financial instruments

	2015	2014
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	10,015,800	7,576,375
Equity instruments measured at cost less impairment	23,450	654
Instruments measured at fair value through profit or loss	193,169	342,000
Carrying amount of financial liabilities		
Measured at amortised cost	6,757,110	4,859,931

15 Stocks

	2015	2014
	£	£
Finished goods and goods for resale	4,065,216	3,595,180

16 Debtors

	2015	2014
Amounts falling due within one year:	£	£
Trade debtors	7,788,198	6,672,203
Amounts due from subsidiary undertakings	104,941	-
Derivative financial instruments	193,169	342,000
Other debtors	78,899	113,138
Prepayments and accrued income	274,120	107,063
	8,439,327	7,234,404

17 Creditors: amounts falling due within one year

		2015	2014
	Notes	£	£
Loans and overdrafts	19	1,120,254	1,423,840
Obligations under finance leases	20	174,492	191,062
Trade creditors		2,798,961	1,350,492
Amounts due to subsidiary undertakings		27,319	-
Amounts due to joint ventures		84,694	414
Corporation tax		317,405	68,310
Other taxation and social security		581,679	555,646
Other creditors		440,224	301,865
Accruals and deferred income		1,984,724	1,423,689
		7,529,752	5,315,318

The advances from HSBC Invoice Finance (UK) Limited of £432,977 (2014 £291,592) included in other creditors are secured by a fixed charge on non-vesting debts and a floating charge.

18 Creditors: amounts falling due after more than one year

	Notes	2015 £	2014 £
Obligations under finance leases	20	126,442	168,569

19 Loans and overdrafts

	2015 £	2014 £
Bank loans	1,120,254	1,423,840
Payable within one year	1,120,254	1,423,840

Bank loans includes an amount of £1,120,254 (2014 £1,423,840) in relation to an import loan facility which is secured by a fixed and floating charge on all assets of the company.

20 Finance lease obligations

Future minimum lease payments due under finance leases:	2015 £	2014 £
Within one year	174,492	191,062
In two to five years	126,442	168,569
	300,934	359,631

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 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 £92,380 (2014 - £67,658).

26 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties which include, property rental, equipment rental and motor vehicles rentals.

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
	£	£
Between two and five years	139,688	224,106
In over five years	1,046,320	1,244,760
	1,186,008	1,468,866

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	1,040,728	755,946

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchase of goods	
	2015	2014
	£	£
Purchases from joint venture	91,852	-

27 Related party transactions **(Continued)**

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties 2015		Amounts owed by related parties 2014	
	Balance	Net	Balance	Net
	£	£	£	£
Amount owed to joint venture	84,695	84,695	-	-
	84,695	84,695	-	-

No guarantees have been given or received.

28 Directors' transactions

Dividends totalling £404403 (2014 - £628547) were paid in the year in respect of shares held by the company's directors.

The son in law of a director of the company purchased five motor vehicles amounting to £32,500 during the year. The transactions were carried out at arms length.

29 Controlling party

The ultimate controlling party is J E Story.

30 Subsidiaries

These financial statements are separate company financial statements for Peers Hardy (UK) Limited.

Details of the company's subsidiaries at 31 December 2015 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	% Held Indirect
Horological Industries Limited*	Hong Kong	Commercial agent	Ordinary	100.00	
Peers Hardy (HK) Limited*	Hong Kong	Commercial agent	Ordinary	100.00	
Peers Hardy (USA) Inc*	United States	Trading of watches and jewellery accessories during the period	Ordinary	100.00	

30 Subsidiaries **(Continued)**

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Horological Industries Limited*	17,579	(33,356)
Peers Hardy (HK) Limited*	9,085	(17,567)
Peers Hardy (USA) Inc*	(77,824)	(77,110)

*Group accounts have not been prepared on the basis that they are not material.

31 Joint ventures

These financial statements are separate company financial statements for Peers Hardy (UK) Limited.

Details of the company's joint ventures at 31 December 2015 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	Indirect
Yi Feng Watch & Jewellery Company Ltd	Hong Kong	Watch manufacturers	Ordinary	50.00	-

The investments in joint venture is initially recorded at cost and is subsequently adjusted to reflect the holder's share of the net profit or loss of the joint venture.

32 Cash generated from operations

	2015	2014
	£	£
Profit for the year after tax	895,821	755,417
Adjustments for:		
Share of results of associates and joint ventures	66,000	-
Taxation charged	316,909	55,801
Finance costs	41,524	52,846
(Gain)/loss on disposal of tangible fixed assets	(7,371)	12,559
(Gain)/loss on disposal of intangible assets	-	12,048
Fair value gains and losses on foreign exchange contracts and investment properties	148,831	(603,432)
Amortisation and impairment of intangible assets	21,649	9,250
Depreciation and impairment of tangible fixed assets	286,931	292,364
Movements in working capital:		
(Increase)/decrease in stocks	(470,036)	2,093,794
(Increase)/decrease in debtors	(1,353,753)	759,159
Increase/(decrease) in creditors	2,285,495	(2,782,313)
Cash generated from operations	2,232,000	657,493

33 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	1 January 2014	31 December 2014
		£	£
Equity as reported under previous UK GAAP		7,148,501	6,619,358
Adjustments arising from transition to FRS 102:			
Foreign exchange contracts	1	(261,432)	342,000
Operating leases	2	(118,000)	(166,925)
Equity reported under FRS 102		6,769,069	6,794,433

33 Reconciliations on adoption of FRS 102 (Continued)

Reconciliation of profit or loss

	Notes	2014 £
Profit or loss as reported under previous UK GAAP		200,910
Adjustments arising from transition to FRS 102:		
Foreign exchange contracts	1	603,432
Operating leases	2	(48,925)
Profit or loss reported under FRS 102		755,417

Notes to reconciliations on adoption of FRS 102

Note 1 Foreign exchange contracts
Foreign exchange forward contracts are now recognised at fair value at the end of the year with changes in fair value recognised in profit or loss. Previously foreign exchange contracts were not recognised in the statement of financial position.

Note 2 Operating lease rentals
The aggregate benefit of lease incentives are now recognised as a reduction to the expense recognised over the lease term on a straight line basis.