

Company Registration No 03083607 (England and Wales)

NARANG WHOLESALERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



NARANG WHOLESALERS LIMITED

COMPANY INFORMATION

Directors	Mr M Y Hussain Mr Jagjeet Kalsi Mr J Pauley Mr J Narang
Secretary	Mr Jagjeet Kalsi
Company number	03083607
Registered office	Narang House 121 City Road Bradford BD8 8JR
Auditors	Hentons St Andrew's House St Andrew's Street Leeds LS3 1LF
Business address	Narang House 121 City Road Bradford BD8 8JR
Bankers	HSBC Bank plc PO Box 45 47 Market Street Bradford BD1 1LW

NARANG WHOLESALERS LIMITED

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NARANG WHOLESALERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company continued to be wholesalers of textiles, electrical and plumbing goods and beers, wines, spirits and other beverages

The company continued to clear up after the deluge of water flooding in the main building caused by Yorkshire Water burst pipe damaging stock and fixtures and fittings. This setback remained worse in the electrical and plumbing division making trading challenging throughout the year. This is reflected in a drop in turnover.

The company remains steadfast in achieving efficiencies in all trading activities and is well established and focused to meet changing business demands in a tough economic climate. The company's strategy in risk reduction has proved effective in reducing bad debt.

The operation of the 3 divisions of the business in distinct markets allows the Company to cover trading risks in one area. The operation of each division is also further diversified into numerous customers further reducing risks to the business.

Building on this strength the company is in a sound position to meet the changing needs of the business environment and the directors are confident in their strategy for profitability and growth.

The Company has continued to strengthen its financial base with retaining the profits within the Company. The directors are satisfied with the financial position at the end of the year.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 January 2012:

Mr M Y Hussain
Mr Jagjeet Kalsi
Mr J Pauley
Mr J Narang

NARANG WHOLESALERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Auditors

The auditors, Hentons, 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 Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 Narang
Director

27 September 2013

NARANG WHOLESALERS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NARANG WHOLESALERS LIMITED

We have audited the financial statements of Narang Wholesalers Limited for the year ended 31 December 2012 set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 set out on pages 1 - 2, 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NARANG WHOLESALERS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF NARANG WHOLESALERS LIMITED

Matters on which we are required to report by exception

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

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



Mr Nadeem Ahmed (Senior Statutory Auditor)
for and on behalf of Hentons

27 September 2013

Chartered Accountants
Statutory Auditor

St Andrew's House
St Andrew's Street
Leeds
LS3 1LF

NARANG WHOLESALERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	26,439,234	27,619,326
Cost of sales		(23,368,869)	(24,352,866)
Gross profit		3,070,365	3,266,460
Administrative expenses		(2,908,950)	(3,083,278)
Other operating income		29,491	62,587
Operating profit	3	190,906	245,769
Interest payable and similar charges	4	(36,232)	(32,173)
Profit on ordinary activities before taxation		154,674	213,596
Tax on profit on ordinary activities	5	(42,943)	(47,549)
Profit for the year	16	111,731	166,047

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

There are no recognised gains and losses other than those passing through the profit and loss account

NARANG WHOLESALERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Intangible assets	7		288,000		306,000
Tangible assets	8 and 11		1,317,846		1,206,706
			<u>1,605,846</u>		<u>1,512,706</u>
Current assets					
Stocks	9	5,086,952		5,313,080	
Debtors	10	2,847,962		2,936,539	
Cash at bank and in hand		85,500		80,901	
		<u>8,020,414</u>		<u>8,330,520</u>	
Creditors' amounts falling due within one year	12	(5,153,806)		(5,350,906)	
Net current assets			<u>2,866,608</u>		<u>2,979,614</u>
Total assets less current liabilities			<u>4,472,454</u>		<u>4,492,320</u>
Creditors' amounts falling due after more than one year	13		(438,355)		(504,266)
Provisions for liabilities	14		(26,696)		(25,782)
			<u>4,007,403</u>		<u>3,962,272</u>
Capital and reserves					
Called up share capital	15		2		2
Revaluation reserve	16		579,891		579,891
Profit and loss account	16		3,427,510		3,382,379
Shareholders' funds	17		<u>4,007,403</u>		<u>3,962,272</u>

NARANG WHOLESALERS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2012

Approved by the Board and authorised for issue on 27 September 2013

Mr J Narang
Director

Company Registration No. 03083607

NARANG WHOLESALERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		247,851		404,835
Returns on investments and servicing of finance				
Interest paid	(36,232)		(32,173)	
Net cash outflow for returns on investments and servicing of finance		(36,232)		(32,173)
Taxation		(73,000)		(97,962)
Capital expenditure				
Payments to acquire tangible assets	(122,226)		(67,873)	
Receipts from sales of tangible assets	12,450		1,000	
Net cash outflow for capital expenditure		(109,776)		(66,873)
Equity dividends paid		(66,600)		(66,600)
Net cash (outflow)/inflow before management of liquid resources and financing		(37,757)		141,227
Financing				
Repayment of long term bank loan	(99,940)		(99,080)	
Capital element of hire purchase contracts	(31,057)		(5,238)	
Net cash outflow from financing		(130,997)		(104,318)
(Decrease)/increase in cash in the year		(168,754)		36,909

NARANG WHOLESALERS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Reconciliation of operating profit to net cash outflow from operating activities	2012	2011
	£	£
Operating profit	190,906	245,769
Depreciation of tangible assets	67,406	42,190
Amortisation of intangible assets	18,000	18,000
Loss on disposal of tangible assets	9,605	24,821
Decrease/(increase) in stocks	226,128	(611,488)
Decrease in debtors	88,577	158,449
(Decrease)/Increase in creditors within one year	(352,771)	527,094
Net cash inflow from operating activities	247,851	404,835

2 Analysis of net debt	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
	£	£	£	£
Net cash				
Cash at bank and in hand	80,901	4,599	-	85,500
Bank overdrafts	(763,987)	(173,353)	-	(937,340)
	(683,086)	(168,754)	-	(851,840)
Bank deposits	-	-	-	-
Debt				
Finance leases	(4,136)	(47,319)	-	(51,455)
Debts falling due within one year	(113,952)	3,740	-	(110,212)
Debts falling due after one year	(504,266)	96,201	-	(408,065)
	(622,354)	52,622	-	(569,732)
Net debt	(1,305,440)	(116,132)	-	(1,421,572)

3 Reconciliation of net cash flow to movement in net debt	2012	2011
	£	£
(Decrease)/increase in cash in the year	(168,754)	36,909
Cash outflow from decrease in debt and lease financing	52,622	104,318
Movement in net debt in the year	(116,132)	141,227
Opening net debt	(1,305,440)	(1,446,667)
Closing net debt	(1,421,572)	(1,305,440)

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life, which has been assessed as 20 years

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15% and 20% reducing balance
Motor vehicles	20% reducing balance

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Stock

Stock is valued at the lower of cost and net realisable value. Cost of stock bought in foreign currencies are converted into sterling at a standard exchange rate. These stock items include import duties, freight and other associated charges in arriving at their cost value.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

2 Turnover and profit on ordinary activities before taxation

	Turnover	
	2012	2011
	£	£
Class of business		
Beer, wines, spirits and other beverages	21,699,474	22,474,863
Electrical and plumbing goods	3,459,920	4,121,045
Textiles	1,144,138	1,023,418
	<u>26,303,532</u>	<u>27,619,326</u>

3 Operating profit

	2012	2011
	£	£
Operating profit is stated after charging		
Amortisation of intangible assets	18,000	18,000
Depreciation of tangible assets	67,406	42,190
Loss on disposal of tangible assets	9,605	24,821
and after crediting		
Profit on foreign exchange transactions	(654)	(7,563)
	<u>(654)</u>	<u>(7,563)</u>

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	11,000	11,000
Tax compliance	3,000	3,675
Company Secretarial work	75	75
Business support and advisory work	4,000	10,030
Assistance with preparation of financial statements	3,000	-
	<u>21,075</u>	<u>24,780</u>

4 Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	34,425	31,829
Hire purchase interest	1,807	344
	<u>36,232</u>	<u>32,173</u>

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

5	Taxation	2012 £	2011 £
	Domestic current year tax		
	U K corporation tax	39,382	45,990
	Adjustment for prior years	2,647	-
	Total current tax	<u>42,029</u>	<u>45,990</u>
	Deferred tax		
	Deferred tax charge/credit current year	914	1,559
		<u>42,943</u>	<u>47,549</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>154,674</u>	<u>213,596</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.00 25%)	<u>30,935</u>	<u>43,253</u>
	Effects of		
	Non deductible expenses	5,425	1,854
	Depreciation add back	19,002	17,215
	Capital allowances	(15,980)	(16,332)
	Adjustments to previous periods	2,647	-
		<u>11,094</u>	<u>2,737</u>
	Current tax charge for the year	<u>42,029</u>	<u>45,990</u>
6	Dividends	2012 £	2011 £
	Ordinary final paid	<u>66,600</u>	<u>66,600</u>

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

7 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2012 & at 31 December 2012	360,000
Amortisation	
At 1 January 2012	54,000
Charge for the year	18,000
At 31 December 2012	72,000
Net book value	
At 31 December 2012	288,000
At 31 December 2011	306,000

8 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2012	19,636	142,003	285,026	446,665
Additions	9,000	75,049	116,552	200,601
Disposals	-	(2,128)	(73,124)	(75,252)
At 31 December 2012	28,636	214,924	328,454	572,014
Depreciation				
At 1 January 2012	12,737	74,554	177,668	264,959
On disposals	-	(1,772)	(51,425)	(53,197)
Charge for the year	3,179	23,778	40,449	67,406
At 31 December 2012	15,916	96,560	166,692	279,168
Net book value				
At 31 December 2012	12,720	118,364	161,762	292,846
At 31 December 2011	6,899	67,449	107,358	181,706

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

8 Tangible fixed assets

(Continued)

Included above are assets held under finance leases or hire purchase contracts as follows

	Motor vehicles £
Net book values	
At 31 December 2012	50,968
At 31 December 2011	8,758
Depreciation charge for the year	
At 31 December 2012	12,744
At 31 December 2011	2,189

9 Stocks

2012
£

2011
£

Finished goods and goods for resale

5,086,952

5,313,080

10 Debtors

2012
£

2011
£

Trade debtors

1,705,059

1,544,710

Other debtors

1,042,562

1,318,232

Prepayments and accrued income

100,341

73,597

2,847,962

2,936,539

Amounts falling due after more than one year and included in the debtors above are

2012
£

2011
£

Other debtors

1,004,248

959,918

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

11 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 January 2012 & at 31 December 2012	1,025,000
Net book value	
At 31 December 2012	1,025,000
At 31 December 2011	1,025,000

The valuations of investment properties were made by Sanderson Weatherall LLP in July 2010, on an open market basis. No depreciation is provided in respect of these properties.

On an historical cost basis these would have been included at an original cost of £445,109. No provision has been made for depreciation in the past due to the policy of regular maintenance, with charges being reflected in the profit and loss account, in order that the assets maintain their previously assessed standard of performance.

12 Creditors amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	1,047,552	877,939
Net obligations under hire purchase contracts	21,165	4,136
Trade creditors	3,285,014	3,812,732
Amounts owed to parent and fellow subsidiary undertakings	200,520	133,920
Corporation tax	39,382	70,353
Other taxes and social security costs	110,598	76,126
Directors' current accounts	106,752	151,531
Other creditors	188,144	1,511
Accruals and deferred income	154,679	222,658
	<u>5,153,806</u>	<u>5,350,906</u>

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

13 Creditors: amounts falling due after more than one year	2012 £	2011 £
Bank loans	353,065	449,266
Other loans	55,000	55,000
Net obligations under hire purchase contracts	30,290	-
	<u>438,355</u>	<u>504,266</u>
Analysis of loans		
Wholly repayable within five years	518,277	618,218
	<u>518,277</u>	<u>618,218</u>
Included in current liabilities	(110,212)	(113,952)
	<u>408,065</u>	<u>504,266</u>
Loan maturity analysis		
In more than one year but not more than two years	96,835	109,966
In more than two years but not more than five years	256,231	289,999
In more than five years	-	49,301
	<u></u>	<u></u>
A debenture including fixed charge over all present freehold and leasehold property, first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and first floating charge over all assets and undertaking both present and future dated 17 April 1997 is held by HSBC Bank plc, together with mortgage charges over the freehold properties of 103/103A City Road, Bradford, West Yorkshire, 254 Thornton Road, Bradford, West Yorkshire and KBS Bathroom Showroom, Richmond Road, Richmond Mills, Halifax		
Net obligations under hire purchase contracts		
Repayable within one year	21,165	4,136
Repayable between one and five years	30,290	-
	<u>51,455</u>	<u>4,136</u>
Included in liabilities falling due within one year	(21,165)	(4,136)
	<u>30,290</u>	<u>-</u>

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

14 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2012	25,782
Profit and loss account	914
Balance at 31 December 2012	<u>26,696</u>

The deferred tax liability is made up as follows

	2012 £	2011 £
Accelerated capital allowances	<u>26,696</u>	<u>25,782</u>

15 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

16 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2012	579,891	3,382,379
Profit for the year	-	111,731
Dividends paid	-	(66,600)
Balance at 31 December 2012	<u>579,891</u>	<u>3,427,510</u>

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

17 Reconciliation of movements in shareholders' funds	2012 £	2011 £
Profit for the financial year	111,731	166,047
Dividends	(66,600)	(66,600)
Net addition to shareholders' funds	45,131	99,447
Opening shareholders' funds	3,962,272	3,862,825
Closing shareholders' funds	4,007,403	3,962,272

18 Contingent liabilities

HSBC Bank plc has given a guarantee dated 30 March 1999 for £15,000 in favour of HM Revenue & Customs

The company has given a cross guarantee dated 19 May 1998 to the bank in respect of Region Enterprises Limited

19 Directors' remuneration	2012 £	2011 £
Remuneration for qualifying services	60,400	60,400

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Management and Admin	32	35
Warehouse	20	22
Drivers	24	28
Sales	17	12
	<u>93</u>	<u>97</u>

Employment costs

	2012 £	2011 £
Wages and salaries	1,363,162	1,394,743
Social security costs	95,776	95,582
	<u>1,458,938</u>	<u>1,490,325</u>

21 Control

The company is controlled by Jas & Ravi Narang by virtue of their shareholding in Narang Group Limited, a company registered in England and Wales

22 Related party relationships and transactions

Other transactions

During the year, the company was charged £20,000 (2011 - £120,000) by Region Enterprises Limited for property rental. At the balance sheet date, the Company owed Region Enterprises Limited £1,004,248 (2011 - £959,918)

At the balance sheet date, the company owed J S Narang (a director of this company) and his close family £161,752 (2011 - £218,131)