

Company Registration No. 03083607 (England and Wales)

NARANG WHOLESALERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NARANG WHOLESALERS LIMITED

COMPANY INFORMATION

Directors	Mr M Y Hussain Mr J Kalsi Mr J Narang Ms Sarah Mainwaring	(Appointed 23 May 2019)
Secretary	Mr J Kalsi	
Company number	03083607	
Registered office	Narang House 121 City Road Bradford BD8 8JR	
Auditors	Henton & Co LLP Northgate 118 North Street Leeds West Yorkshire LS2 7PN	
Business address	Narang House 121 City Road Bradford BD8 8JR	
Bankers	HSBC Bank plc PO Box 105 33 Park Row Leeds LS1 1LD	

NARANG WHOLESALERS LIMITED

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NARANG WHOLESALERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report, the directors' report and financial statements for the year ended 31 December 2018.

Fair review of the business

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

Whilst markets remain challenging the company has focussed on retaining market share and meeting changing needs through its diverse activities.

Ongoing risk assessment has maintained the company's concentration on profitability using company resources to concentrate on more profitable areas whilst limiting impact on turnover.

Cost reduction and consolidation is ongoing with the development of a better and more effective service. Relationships with both customers and suppliers remain excellent throughout all areas of the business.

Profits continue to be retained within the company further strengthening the financial base and providing a strong platform for future development.

The directors are satisfied with the financial position at the end of the year.

Principal risks and uncertainties

Being well established in all three of its diverse trading activities the company can minimise changes in market conditions. Risk is also mitigated by the variation between the different markets that the company trades in.

A solid structure and experienced management team provide the company with the ability to respond quickly and flexibly to changes and opportunities for growth.

Key performance indicators

The directors monitor progress on the overall company strategy by reference to certain KPI's.

Performance during the year, against that for a comparative period is set out below:

	2018	2017
Gross Profit Margin	12.9%	11.8%
Net Profit Margin	1.7%	1.8%

The directors are pleased with the continued performance of these metrics.

On behalf of the board

Mr J Narang

Director

30 September 2019

NARANG WHOLESALERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

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

Directors

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

Mr M Y Hussain

Mr J Kalsi

Mr J Narang

Ms Sarah Mainwaring

(Appointed 23 May 2019)

Results and dividends

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

Ordinary dividends were paid amounting to £62,000. The directors do not recommend payment of a further dividend.

Auditor

The auditors, Henton & Co LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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.

On behalf of the board

Mr J Narang

Director

30 September 2019

NARANG WHOLESALERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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; 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.

NARANG WHOLESALERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NARANG WHOLESALERS LIMITED

Opinion

We have audited the financial statements of Narang Wholesalers Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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.

NARANG WHOLESALERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NARANG WHOLESALERS 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

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

30 September 2019

Chartered Accountants
Statutory Auditor

Northgate
118 North Street
Leeds
West Yorkshire
LS2 7PN

NARANG WHOLESALERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	18,867,865	19,838,055
Cost of sales		(16,438,147)	(17,499,008)
Gross profit		2,429,718	2,339,047
Administrative expenses		(2,048,206)	(1,963,699)
Other operating income		31,691	37,581
Operating profit	4	413,203	412,929
Interest payable and similar expenses	7	(41,842)	(29,730)
Change in fair value of financial assets	8	-	(30,000)
Profit before taxation		371,361	353,199
Taxation	9	(74,602)	(67,028)
Profit for the financial year		296,759	286,171
Total comprehensive income for the year		296,759	286,171

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

NARANG WHOLESALERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11		180,000		198,000
Other intangible assets	11		4,000		6,000
Total intangible assets			184,000		204,000
Tangible assets	12		423,589		415,983
Investment properties	13		929,500		920,000
			1,537,089		1,539,983
Current assets					
Stocks	14	5,808,679		5,356,707	
Debtors	15	3,029,376		3,013,747	
Cash at bank and in hand		253,246		179,936	
			9,091,301		8,550,390
Creditors: amounts falling due within one year	16	(4,541,942)		(4,199,273)	
Net current assets			4,549,359		4,351,117
Total assets less current liabilities			6,086,448		5,891,100
Creditors: amounts falling due after more than one year	17		(519,281)		(558,692)
Provisions for liabilities	20		(27,442)		(27,442)
Net assets			5,539,725		5,304,966
Capital and reserves					
Called up share capital	23		2		2
Revaluation reserve			579,891		579,891
Profit and loss reserves			4,959,832		4,725,073
Total equity			5,539,725		5,304,966

The financial statements were approved by the board of directors and authorised for issue on 30 September 2019 and are signed on its behalf by:

Mr J Narang
Director

Company Registration No. 03083607

NARANG WHOLESALERS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2017		2	579,891	4,488,902	5,068,795
Period ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	286,171	286,171
Dividends	10	-	-	(50,000)	(50,000)
Balance at 31 December 2017		2	579,891	4,725,073	5,304,966
Period ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	296,759	296,759
Dividends	10	-	-	(62,000)	(62,000)
Balance at 31 December 2018		2	579,891	4,959,832	5,539,725

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Narang Wholesalers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Narang House, 121 City Road, Bradford, BD8 8JR.

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

The company has applied the disclosure exemptions available within FRS 102 as a result of it being a subsidiary of Narang Group Limited, a company which has prepared consolidated accounts to 31 December 2017. As a result, these financial statements do not include a statement of cash flows or certain disclosures relating to classification of financial instruments.

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.

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 Intangible fixed assets - 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 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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset 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:

Design rights	5 years
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NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.6 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 Freehold	2% straight line
Land and buildings Leasehold	2% straight line
Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	15% and 20% reducing balance
Motor vehicles	20% reducing balance

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.

1.7 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.

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

1.8 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).

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.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.9 Stocks

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

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

1.10 Cash and cash equivalents

Cash at bank and in hand 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.

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.11 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 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 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.

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.

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, 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.

Other financial liabilities

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.

Derecognition of financial liabilities

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

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.12 Equity instruments

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

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.

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.

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.

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.

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.

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

Key areas of judgement and estimation relate to provisions against stocks and doubtful debt, but the directors are satisfied that there is no significant risk of material misstatement arising.

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Wholesale of wines, spirits and other beverages	16,254,714	16,862,402
Wholesale of electrical and plumbing supplies	1,874,631	2,059,010
Wholesale of textiles	738,521	916,643
	<u>18,867,865</u>	<u>19,838,055</u>

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	<u>18,865,866</u>	<u>19,838,055</u>

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(13,021)	(22,829)
Fees payable to the company's auditors for the audit of the company's financial statements	29,032	16,815
Depreciation of owned tangible fixed assets	48,667	37,542
Depreciation of tangible fixed assets held under finance leases	-	8,746
(Profit)/loss on disposal of tangible fixed assets	21,719	13,785
Amortisation of intangible assets	20,000	20,000
Cost of stocks recognised as an expense	<u>16,163,357</u>	<u>17,162,546</u>

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Employees

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

	2018 Number	2017 Number
Management and administration	26	28
Warehouse	18	18
Drivers	14	15
Sales	17	21
	<u>75</u>	<u>82</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,285,583	1,334,000
Social security costs	75,526	84,189
Pension costs	11,938	6,969
	<u>1,373,047</u>	<u>1,425,158</u>

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	80,401	39,583
Company pension contributions to defined contribution schemes	11,938	6,969
	<u>92,339</u>	<u>46,552</u>

7 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	33,604	28,271
Interest on finance leases and hire purchase contracts	8,238	1,459
	<u>41,842</u>	<u>29,730</u>

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Change in fair value of financial assets

	2018 £	2017 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	-	(30,000)
	<u> </u>	<u> </u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	74,602	71,432
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	-	(4,404)
	<u> </u>	<u> </u>
Total tax charge	<u>74,602</u>	<u>67,028</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:

	2018 £	2017 £
Profit before taxation	371,361	353,199
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	70,559	67,108
Tax effect of expenses that are not deductible in determining taxable profit	4,127	2,619
Tax effect of income not taxable in determining taxable profit	-	5,700
Effect of change in corporation tax rate	-	1,856
Group relief	-	(12,650)
Permanent capital allowances in excess of depreciation	(7,201)	2,799
Amortisation on assets not qualifying for tax allowances	4,000	4,000
Deferred tax movement	3,117	(4,404)
	<u> </u>	<u> </u>
Taxation charge for the year	<u>74,602</u>	<u>67,028</u>

10 Dividends

	2018 £	2017 £
Final paid	62,000	50,000
	<u> </u>	<u> </u>

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Intangible fixed assets

	Goodwill £	Design rights £	Total £
Cost			
At 1 January 2018 and 31 December 2018	360,000	10,000	370,000
Amortisation and impairment			
At 1 January 2018	162,000	4,000	166,000
Amortisation charged for the year	18,000	2,000	20,000
At 31 December 2018	180,000	6,000	186,000
Carrying amount			
At 31 December 2018	180,000	4,000	184,000
At 31 December 2017	198,000	6,000	204,000

12 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2018	200,000	75,000	29,736	333,363	185,136	823,235
Additions	-	-	-	6,411	73,751	80,162
Disposals	-	-	-	(3,350)	(84,383)	(87,733)
At 31 December 2018	200,000	75,000	29,736	336,424	174,504	815,664
Depreciation and impairment						
At 1 January 2018	20,000	25,500	21,886	218,449	122,917	408,752
Depreciation charged in the year	4,000	-	1,572	20,295	22,800	48,667
Eliminated in respect of disposals	-	-	-	(2,937)	(62,407)	(65,344)
At 31 December 2018	24,000	25,500	23,458	235,807	83,310	392,075
Carrying amount						
At 31 December 2018	176,000	49,500	6,278	100,617	91,194	423,589
At 31 December 2017	180,000	51,000	7,850	114,914	62,219	415,983

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

	2018 £	2017 £
Motor vehicles	34,984	34,984

13 Investment property

2018
£

Fair value

At 1 January 2018 and 31 December 2018

929,500

Investment property comprises properties held by the company for rental income purposes. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

14 Stocks

2018
£

Finished goods and goods for resale

5,808,679

15 Debtors

2018
£

Amounts falling due within one year:

Trade debtors	1,471,688	1,579,331
Other debtors	1,444,680	1,319,882
Prepayments and accrued income	113,008	114,534
	3,029,376	3,013,747

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	1,006,781	972,563
Obligations under finance leases	19	25,626	9,464
Trade creditors		2,921,009	2,472,934
Amounts owed to group undertakings		35,226	98,678
Corporation tax		110,983	88,381
Other taxation and social security		89,445	88,482
Other creditors		269,612	300,130
Accruals and deferred income		83,260	168,641
		<u>4,541,942</u>	<u>4,199,273</u>

17 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	115,268	110,662
Obligations under finance leases	19	49,370	12,152
Other creditors		354,643	435,878
		<u>519,281</u>	<u>558,692</u>

18 Loans and overdrafts

	2018 £	2017 £
Bank loans	256,462	422,804
Bank overdrafts	865,587	660,421
	<u>1,122,049</u>	<u>1,083,225</u>
Payable within one year	1,006,781	972,563
Payable after one year	115,268	110,662
	<u>1,122,049</u>	<u>1,083,225</u>

The long-term loans are secured by fixed and floating charges over the undertaking and all property and assets of the company.

Finance lease assets are secured on the underlying assets.

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Finance lease obligations

	2018	2017
	£	£
Future minimum lease payments due under finance leases:		
Within one year	25,626	9,464
In two to five years	49,370	12,152
	<u>74,996</u>	<u>21,616</u>

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. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Provisions for liabilities

	Notes	2018	2017
		£	£
Deferred tax liabilities	21	<u>27,442</u>	<u>27,442</u>

21 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	Liabilities
	2018	2017
	£	£
Balances:		
Accelerated capital allowances	<u>27,442</u>	<u>27,442</u>

22 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>11,938</u>	<u>6,969</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.

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23 Share capital

	2018	2017
	£	£
Ordinary share capital Issued and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

24 Financial commitments, guarantees and contingent liabilities

HSBC Bank plc has given a guarantee dated 30 March 1999 for £30,000 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, a connected company.

25 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

At the balance sheet date, the company was owed by Region Enterprises Limited, a company under the control of J S Narang, £1,167,045 (2017 - £1,200,645).

At the balance sheet date, J.S.Narang (a director of this company) and his close family are owed by the company £1,179 (2017 - owed the company £3,556).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.