

STRACHAN HOLDINGS LIMITED

Report and Financial Statements

30 June 2013



STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr D G Strachan

Mr A J Strachan

SECRETARY

Mr A J Strachan

REGISTERED OFFICE

2 Dolphin Court

Stanningley Road

Bramley

Leeds

West Yorkshire

LS13 4UN

BANKERS

Santander UK Plc

Business Banking Centre

PO Box 126

Newport

Gwent

NP19 7UP

Royal Bank of Scotland Plc

27 Park Row

Leeds

LS1 5QB

SOLICITORS

Watson Burton LLP

1 City Square

Leeds

LS1 2ES

AUDITOR

Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds

STRACHAN HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group together with the financial statements and auditor's report for the year ending 30 June 2013

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is the management activities of a holding company. The principal activities of the group are the design, manufacture and installation of high quality bedroom, home study and lounge furniture. The group's key measurements of effectiveness of its operations are calculating its gross margin and operating profit.

Turnover increased 3.9 percentage points in the year and continued tight control of costs saw gross margin increase by 1.7 percentage points. Operating profit increased 1.0 percentage points after increases in distribution and administration costs.

The company anticipates an improved performance in the forthcoming year which is reflected in an increase in the level of turnover and its order book.

PRINCIPAL RISKS AND UNCERTAINTIES

The current economic climate remains challenging, which poses a risk. The group manages this risk by ensuring the continued high quality of its products is maintained and strong relationships are held with the group's diverse customer base.

RESULTS AND DIVIDENDS

The group's profit for the year after taxation was £387,694 (2012: £311,819). The directors propose to pay a dividend of £400,000 (2012: £400,000) in respect of the year and propose that the retained loss for the year be transferred to reserves.

GOING CONCERN

The directors believe that the Company has the resources necessary to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

FUTURE PROSPECTS

This is dependent upon the performance of the trading subsidiary company which continues to maintain a healthy order book and the directors remain confident of continued success.

DIRECTORS

The directors who served throughout the year and subsequently were:

Mr A J Strachan
Mr D G Strachan

STRACHAN HOLDINGS LIMITED

DIRECTORS' REPORT

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



A J Strachan
Director
25 March 2014

STRACHAN HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRACHAN HOLDINGS LIMITED

We have audited the financial statements of Strachan Holdings Limited for the year ended 30 June 2013 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 25. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent 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. 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 group's and of the parent company's affairs as at 30 June 2013 and of the group's 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.

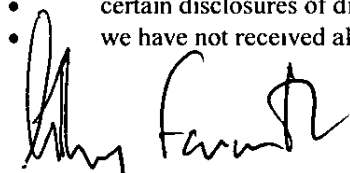
Opinion on other matter prescribed by the Companies Act 2006

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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Anthony Farnworth BA ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, United Kingdom

26 March 2014

STRACHAN HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 June 2013

	Note	2013 £	2012 £
TURNOVER	2	6,432,673	6,189,416
Cost of sales		(3,051,238)	(3,043,300)
Gross profit		<u>3,381,435</u>	<u>3,146,116</u>
Distribution costs		(313,568)	(284,264)
Administrative expenses		(2,584,403)	(2,449,819)
Other operating income		<u>26,653</u>	<u>18,416</u>
OPERATING PROFIT	4	<u>510,117</u>	<u>430,449</u>
Interest receivable	5	65,843	57,076
Interest payable	6	(6,987)	(9,770)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>568,973</u>	<u>477,755</u>
Tax on profit on ordinary activities	7	(181,279)	(165,936)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	20	<u><u>387,694</u></u>	<u><u>311,819</u></u>

All activities derive from continuing operations

The group has no recognised gains and losses for the year or the prior year other than as stated above. Therefore, no statement of total recognised gains and losses has been presented.

STRACHAN HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET 30 June 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Intangible assets	10	2,008,076	2,162,543
Tangible assets	11	2,111,685	2,182,438
		<u>4,119,761</u>	<u>4,344,981</u>
CURRENT ASSETS			
Stocks	13	278,264	206,804
Debtors	14	329,258	180,911
Cash at bank and in hand		3,465,365	3,348,358
		<u>4,072,887</u>	<u>3,736,073</u>
CREDITORS: amounts falling due within one year	16	<u>(2,361,226)</u>	<u>(2,076,223)</u>
NET CURRENT ASSETS		<u>1,711,661</u>	<u>1,659,850</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,831,422	6,004,831
CREDITORS: amounts falling due after more than one year	17	(256,774)	(412,944)
PROVISIONS FOR LIABILITIES	18	<u>(190,780)</u>	<u>(195,713)</u>
NET ASSETS		<u>5,383,868</u>	<u>5,396,174</u>
CAPITAL AND RESERVES			
Called up share capital	19	547,874	547,874
Share premium account	20	2,296,126	2,296,126
Profit and loss account	20	2,539,868	2,552,174
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>5,383,868</u>	<u>5,396,174</u>

The financial statements of Strachan Holdings Limited, registered number 5818607, were approved by the Board of Directors on 25 March 2014

Signed on behalf of the Board of Directors



A J Strachan
Director

STRACHAN HOLDINGS LIMITED

COMPANY BALANCE SHEET 30 June 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	11	1,582,581	1,685,070
Investments	12	7,648,732	7,648,732
		<u>9,231,313</u>	<u>9,333,802</u>
CURRENT ASSETS			
Debtors	14	1,469	2,469
Deferred tax asset	15	19,222	15,536
Cash at bank and in hand		501,738	602,321
		<u>522,429</u>	<u>620,326</u>
CREDITORS: amounts falling due within one year	16	<u>(866,383)</u>	<u>(886,608)</u>
NET CURRENT LIABILITIES		<u>(343,954)</u>	<u>(266,282)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,887,359	9,067,520
CREDITORS. amounts falling due after more than one year	17	<u>(256,774)</u>	<u>(412,944)</u>
NET ASSETS		<u>8,630,585</u>	<u>8,654,576</u>
CAPITAL AND RESERVES			
Called up share capital	19	547,874	547,874
Share premium account	20	2,296,126	2,296,126
Profit and loss account	20	5,786,585	5,810,576
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>8,630,585</u>	<u>8,654,576</u>

The financial statements of Strachan Holdings Limited, registered number 5818607, were approved by the Board of Directors on 25 March 2014

Signed on behalf of the Board of Directors



A J Strachan
Director

STRACHAN HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT 30 June 2013

	Note	2013 £	2012 £
Net cash inflow from operating activities	22	982,113	717,846
Returns on investments and servicing of finance			
Interest paid	(6,987)	(9,770)	
Interest received	65,843	57,076	
Net cash inflow from returns on investments and servicing of finance		58,856	47,306
Net cash outflow from taxation		(168,219)	(196,235)
Dividends paid		(400,000)	-
Capital expenditure			
Payments to acquire tangible fixed assets	(236,740)	(119,030)	
Proceeds from disposal of fixed assets	37,167	33,850	
Net cash outflow from capital expenditure		(199,573)	(85,180)
Net cash inflow before financing	23	273,177	483,737
Financing			
Repayment of borrowings	(156,170)	(153,795)	
Net cash outflow from financing		(156,170)	(153,795)
Increase in cash	23, 24	117,007	329,942

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Preparation of accounts – going concern basis

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report.

The group has considerable cash reserves, a healthy order book and continues to supply a high quality product to a diverse customer base. The directors have reviewed the group's forecasts, taking into account possible changes in trading performance, and believe that the group is well placed to manage its business risks successfully in the current economic climate.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of preparing the annual report and accounts.

Investments

Investments in subsidiary undertakings held as fixed assets are stated at cost less provision for impairment.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiaries. The subsidiaries are consolidated from the date on which control passes.

Acquisitions and disposals

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition.

The profit or loss on the disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged through the profit and loss account.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or up to the date of disposal.

Goodwill and intangible fixed assets

For acquisitions of a business, including an interest in an associated undertaking, purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets and amortised over a period of 20 years.

Related party disclosures

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Strachan Holdings Limited group of companies.

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	4 3% per annum
Plant and machinery	10% to 25% per annum
Motor vehicles	20% to 33% per annum
Fixtures and fittings	25% per annum

No depreciation is provided on the freehold land.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production.

Warranty provisions

A provision is included in the accounts in respect of the estimated future costs of remedial work under warranties provided by the company.

The warranty given on sales is for five to ten years from the date of sale, and the provision in the accounts represents the estimated liability based upon actual costs incurred since warranties were first given.

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 the profit and loss account.

Pension

The group does not administer a pension scheme. The pension cost charges represent contributions made by the company on behalf of employees towards personal pensions administered by other parties and are expensed as costs are incurred.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. Turnover is recognised when the risk and rewards of items have been transferred to the customer. The turnover, all of which arises in the United Kingdom, is wholly attributable to the continuing principal activities.

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Group	2013 £	2012 £
Directors' emoluments		
Salary	201,116	197,018
Benefits in kind	2,634	5,309
Pension costs	50,000	30,000
	<u>253,750</u>	<u>232,327</u>
Emoluments of the highest paid director		
Salary	80,000	120,128
Benefits in kind	2,392	122
Pension costs	50,000	-
	<u>132,392</u>	<u>120,250</u>
Staff costs during the year (including directors)		
Wages and salaries	1,783,224	1,718,457
Social security costs	173,399	170,624
Pension costs	50,000	30,000
	<u>2,006,623</u>	<u>1,919,081</u>
	No.	No.
Average number of persons employed		
Production	34	33
Administration	39	41
	<u>73</u>	<u>74</u>

The group made contributions to a pension scheme on behalf of one director (2012 one)

4. OPERATING PROFIT

	2013 £	2012 £
Operating profit is after charging/(crediting)		
Depreciation of owned assets	292,346	275,304
Amortisation of goodwill	154,467	154,467
Rentals under operating leases		
Land and Buildings	-	-
Other	40,889	46,547
Profit on sale of fixed assets	(22,020)	(20,675)
Auditor Remuneration		
- Fees payable to the company's auditor for the audit of the financial statements	11,925	11,600
- Tax fees	<u>1,400</u>	<u>1,400</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Bank deposit interest	65,843	57,076

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Other interest payable	-	391
Mortgage interest	6,987	9,379
	6,987	9,770

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £	2012 £
Current Taxation:		
UK corporation tax charge in respect of current year	185,056	170,096
Adjustments in respect of prior periods	(44)	93
Total Current Taxation	185,012	170,189
Deferred Taxation:		
Origination and reversal of timing differences	(1,822)	(396)
Adjustments in respect of prior periods	(44)	1
Effect of changes in tax rates	(1,867)	(3,858)
	(3,733)	(4,253)
Tax on profit on ordinary activities	181,279	165,936

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23.75% (2012 – 25.5%)

The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2013 £	2012 £
Profit on ordinary activities before tax	568,973	477,755
Tax on profit on ordinary activities before tax	135,131	121,843
Factors affecting current taxation charge for the year:		
Capital allowances for the period in excess of depreciation	1,822	5,497
Expenses not allowable for tax purposes	54,605	58,730
Movement in short term timing differences	-	(5,101)
Effects of other tax rates / credits	(6,502)	(10,873)
Adjustments in respect of prior periods	(44)	93
Current tax charge for the year	185,012	170,189

The Finance Act 2012 was enacted on 17 July 2012 and provided for a reduction in the main rate of corporation tax from 24% to 23% with effect from 1 April 2013. This 1% corporation tax rate reduction, from 24% to 23%, has been reflected in these financial statements.

The Finance Act 2013 includes a further corporation tax rate reduction to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015 and this was enacted in July 2013. As these rates had not been substantively enacted by the balance sheet date, the rate reduction is not reflected in these financial statements.

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial period amounted to £376,009 (2012: £359,899).

9. DIVIDENDS

	2013 £	2012 £
Dividends proposed £0.7301 per ordinary share (2012: £0.7301 per ordinary share)	400,000	400,000

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2013

10. INTANGIBLE FIXED ASSETS

Group	Goodwill arising on consolidation £
Cost	
At 1 July 2012	3,089,345
At 30 June 2013	3,089,345
Amortisation	
At 1 July 2012	926,802
Charge for the year	154,467
At 30 June 2013	1,081,269
Net book value	
At 30 June 2013	2,008,076
At 30 June 2012	2,162,543

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2013

11. TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £	Plant And Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 July 2012	2,082,442	1,109,928	309,415	450,254	3,952,039
Additions	-	31,442	202,707	2,591	236,740
Disposals	-	(17,912)	(105,915)	-	(123,827)
At 30 June 2013	2,082,442	1,123,458	406,207	452,845	4,064,952
Accumulated depreciation					
At 1 July 2012	448,290	767,749	175,735	377,827	1,769,601
Charge for the year	74,715	112,152	75,031	30,448	292,346
Eliminated on disposals	-	(17,912)	(90,768)	-	(108,680)
At 30 June 2013	523,005	861,989	159,998	408,275	1,953,267
Net book value					
At 30 June 2013	1,559,437	261,469	246,209	44,570	2,111,685
At 30 June 2012	1,634,152	342,179	133,680	72,427	2,182,438

The value of land not depreciated was £364,000 (2012 £364,000)

Company	Freehold land and buildings £	Plant and Machinery £	Total £
Cost			
At 1 July 2012	2,082,442	217,558	2,300,000
At 30 June 2013	2,082,442	217,558	2,300,000
Accumulated depreciation			
At 1 July 2012	448,290	166,640	614,930
Charge for the year	74,715	27,774	102,489
At 30 June 2013	523,005	194,414	717,419
Net book value			
At 30 June 2013	1,559,437	23,144	1,582,581
At 30 June 2012	1,634,152	50,918	1,685,070

The value of land not depreciated was £364,000 (2012 £364,000)

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

12. INVESTMENTS HELD AS FIXED ASSETS

	2013 £	2012 £
Cost and net book value		
At 1 July	7,648,732	7,648,732
At 30 June	7,648,732	7,648,732

The company owns more than 20% of the equity in the following companies

Name of subsidiary company	Country of incorporation	Holding	Proportion held	Nature of business held
Strachan Furniture Makers Ltd	England & Wales	Ordinary shares	100%	Design, manufacture, distribution and retailing of bedroom, home study and lounge furniture
Convert-A-Room Ltd	England & Wales	Ordinary shares	100%	Dormant company

The profit for the period and capital and reserves at the year end for the above subsidiary companies are as follows

	Profit for the year ended 30 June 2013	Capital and reserves as at 30 June 2013	Profit for the year ended 30 June 2012	Capital and reserves as at 30 June 2012
Strachan Furniture Makers Limited	466,152	2,383,939	406,388	2,217,788
Convert-A-Room Limited	-	10,000	-	10,000

13. STOCKS

Group	2013 £	2012 £
Raw materials	262,964	195,225
Work in progress	5,266	1,772
Finished goods and goods for resale	10,034	9,807
	278,264	206,804

14. DEBTORS

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade debtors	70,751	43,267	-	-
Other debtors	93,951	75,849	1,469	386
Prepayments and accrued income	164,556	61,795	-	2,083
	329,258	180,911	1,469	2,469

Included in other debtors is a director's loan balance of £3,644 (2012 £9,028) with D G Strachan. The highest balance outstanding during the year was £3,644 (2012 £9,028). The loan is repayable on demand and does not attract interest.

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

15. DEFERRED TAXATION ASSET

	Group £	Company £
Deferred taxation asset		
Balance at 1 July 2012	-	15,536
Current year credit	-	3,686
Balance at 30 June 2013	-	19,222

The amount of asset provided in the accounts is as follows

	£	£
Depreciation in excess of capital allowances	-	19,222

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Payments received on account	684,544	439,252	-	-
Trade creditors	401,519	344,368	1,272	598
Accruals and deferred income	267,049	322,365	6,609	7,390
Mortgage (note 17)	120,000	120,000	120,000	120,000
Other creditors	-	-	293,231	318,229
Corporation tax	185,056	168,263	45,271	40,391
Other taxation and social security	303,058	280,975	-	-
Other creditors	400,000	401,000	400,000	400,000
	2,361,226	2,076,223	866,383	886,608

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Mortgage	256,774	412,944	256,774	412,944
	<u>256,774</u>	<u>412,944</u>	<u>256,774</u>	<u>412,944</u>

On 21 June 2007, Strachan Holdings Limited took out a mortgage to acquire certain freehold land and buildings. Interest is charged at 1% over base rate and the mortgage is repayable by equal monthly installments over a maximum period of ten years. The mortgage is secured as a fixed charge over the land and buildings and matures on 20 June 2017.

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Analysis of mortgage repayments				
Within one year (note 16)	120,000	120,000	120,000	120,000
Between one and two years	120,000	120,000	120,000	120,000
Between two and five years	136,744	292,944	136,774	292,944
After five years	-	-	-	-
	<u>376,774</u>	<u>532,944</u>	<u>376,774</u>	<u>532,944</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation	Other provisions	Total 2013	Total 2012
Group	£	£	£	£
Balance at 1 July 2012	46,213	149,500	195,713	212,866
(Credited)/charged to profit and loss account	(3,733)	(1,200)	(4,933)	(17,153)
Balance at 30 June 2013	<u>42,480</u>	<u>148,300</u>	<u>190,780</u>	<u>195,713</u>

Other provisions relate to amounts provided for potential warranty claims.

The amount of deferred taxation provided in the accounts is as follows:

	Provided 2013	Provided 2012
Group	£	£
Capital allowances in excess of depreciation	42,480	46,213
	<u>42,480</u>	<u>46,213</u>

There is no unprovided deferred taxation at 30 June 2013 or 30 June 2012.

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

19. CALLED UP SHARE CAPITAL

Group and company	2013 £	2012 £
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid		
547,874 ordinary shares of £1 each	547,874	547,874

20. RESERVES

Group	Share Premium Account £	Profit and loss account £	Total 2013 £	Total 2012 £
Balance at 1 July	2,296,126	2,552,174	4,848,300	4,936,481
Profit for the year	-	387,694	387,694	311,819
Dividends paid on equity shares	-	(400,000)	(400,000)	(400,000)
Balance at 30 June	2,296,126	2,539,868	4,835,994	4,848,300

Company	Share Premium Account £	Profit and loss account £	Total 2013 £	Total 2012 £
Balance at 1 July	2,296,126	5,810,576	8,106,702	8,146,803
Profit for the year	-	376,009	376,009	359,899
Dividends paid on equity shares	-	(400,000)	(400,000)	(400,000)
Balance at 30 June	2,296,126	5,786,585	8,082,711	8,106,702

21. FINANCIAL COMMITMENTS

Operating leases

At 30 June 2013, the group was committed to making the following payments during the next year in respect of operating leases

	Land and buildings 2013 £	Other 2013 £	Land and buildings 2012 £	Other 2012 £
Leases which expire				
Within one year	-	16,187	-	-
Between one and two years	-	-	-	37,394
Between two and five years	-	-	-	-
After five years	-	-	-	-
	-	16,187	-	37,394

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating profit	510,117	430,449
Depreciation charges	292,346	275,304
Amortisation of goodwill	154,467	154,467
Profit on disposal of fixed assets	(22,020)	(20,675)
(Increase)/decrease in stock	(71,460)	(17,569)
(Increase)/decrease in debtors	(148,347)	48,835
Increase/(decrease) in creditors and provisions	267,010	(152,965)
Net cash inflow from operating activities	<u>982,113</u>	<u>717,846</u>

23. RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT

	2013 £	2012 £
Increase/ (decrease) in cash in the period	117,007	329,942
Repayment of mortgage	156,170	153,795
Changes in net cash resulting from cash flows	<u>273,177</u>	<u>483,737</u>
Net funds brought forward	2,815,414	2,331,677
Net funds at 30 June	<u>3,088,591</u>	<u>2,815,414</u>

24. ANALYSIS OF CHANGES IN NET DEBT

	At 30 June 2012 £	Cash flows £	Non-cash items £	At 30 June 2013 £
Cash at bank and in hand	3,348,358	117,007	-	3,465,365
Debt due within one year				
Mortgage	(120,000)	-	-	(120,000)
	<u>3,228,358</u>	<u>117,007</u>	<u>-</u>	<u>3,345,365</u>
Debt due greater than one year				
Mortgage	(412,944)	156,170	-	(256,774)
	<u>2,815,414</u>	<u>273,177</u>	<u>-</u>	<u>3,088,591</u>

25. RELATED PARTY DISCLOSURES

The ultimate controlling parties are Mr A J Strachan and Mr D G Strachan