

STRACHAN HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 30 June 2015



STRACHAN HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS **For the year ended 30 June 2015**

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STRACHAN HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30 June 2015

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D G Strachan
A J Strachan

COMPANY SECRETARY

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
1 City Square
Leeds
LS1 2AL
United Kingdom

STRACHAN HOLDINGS LIMITED

STRATEGIC REPORT

The directors present their strategic report on the affairs of the group for the year ending 30 June 2015.

BUSINESS REVIEW

Turnover has increased by a modest 0.7% in what remains a very competitive market. Continued focus on cost control has resulted in an improved operating profit.

The improving economic climate should see an improved performance in the year ahead.

The group completed the purchase of a brand new leasehold showroom in London during the year; the capital spend being £963,536. The fitting out of the showroom should be completed in 2016 and this will help lead generation and sales.

PRINCIPAL RISKS AND UNCERTAINTIES

The following risks are relevant to our business:

Supply chain risk

Relationships have been further developed to ensure continuity of high quality product.

Margin Risk

The competitive nature of our business poses a risk. The company 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.

Financial risk

The group manages its financial risk by ensuring that we have sufficient liquidity to operate in the foreseeable future. Stock turn remains consistently high at 26.6 (2014: 23.2). Despite the capital investment in the London showroom, the group continues to hold substantial cash balances; the ratio of current assets to current liabilities measured at 1.4 (2014: 1.8) minimise any short term liquidity risk.

KEY PERFORMANCE INDICATORS

The group's key measurements of effectiveness of its operations are as follows:

Financial

Turnover increased 0.7% in the year. Supply chain performance in certain areas impacted on factory efficiencies and consequently gross profit margin has decreased by 0.4 percentage points. However, continued focus on control of administration costs has offset the impact on the operating profit margin which has increased by 1.2%.

Non-Financial

We regularly review customer feedback to determine how well their expectations have been met.

GOING CONCERN

As disclosed in note 1 to the financial statements the directors have considered the going concern assumption given the current economic climate including the demand for the design, manufacture and installation of high quality bedroom, dressing room, home study and lounge furniture and have formed the expectation that the group will continue to operate in the foreseeable future. The Directors have considered the group forecasts and the finance available to the group in forming this judgement.



A J Strachan
Director

3 March 2016

STRACHAN HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present the annual report and audited financial statements for the year ended 30 June 2015.

PRINCIPAL ACTIVITY

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, dressing room, home study and lounge furniture.

The principle risks and uncertainties for the company and group are set out in the strategic report.

RESULTS AND DIVIDENDS

The group's profit for the year after taxation was £393,885 (2014: £345,904) which will be transferred to reserves. The directors propose to pay a dividend of £400,000 (2014: £400,000) in respect of the year.

ENVIRONMENT

The group is committed to preventing any possible adverse effects upon the environment and people, arising from its activities. The group continues to seek improvements to its production and business processes and maintains a well-established system of risk management.

The group seeks to minimise wherever possible the volume of waste it creates as a result of its activities. However some waste is inevitable and where possible dedicated waste streams have been developed to facilitate reprocessing and/or recycling. Only licensed, approved specialist waste disposal contacts are used where disposal is the only option available.

EMPLOYEES

The group policy is to keep employees informed on matters relevant to them as employees through regular meetings and newsletters.

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

STRACHAN HOLDINGS LIMITED

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year and subsequently were:

A J Strachan

D G Strachan

AUDITOR

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

- (1) so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the directors have taken all the steps that they ought to have taken as directors in order to make themselves 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 s418 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

3 March 2016

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 group 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; 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group 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 the group 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 2015 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 26. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2015 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.

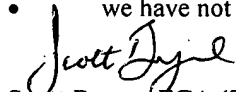
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.


Scott Bayne FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, United Kingdom

3 March 2016

STRACHAN HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 30 June 2015

	Note	2015 £	2014 £
TURNOVER	2	7,133,884	7,084,747
Cost of sales		(3,554,867)	(3,500,611)
Gross profit		3,579,017	3,584,136
Distribution costs		(357,020)	(341,917)
Administrative expenses		(2,684,617)	(2,800,164)
Other operating income		16,435	23,641
OPERATING PROFIT	4	553,815	465,696
Interest receivable and similar income	5	15,037	42,852
Interest payable and similar charges	6	(2,137)	(4,589)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		566,715	503,959
Tax on profit on ordinary activities	7	(172,830)	(158,055)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	20,21	393,885	345,904

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 As at 30 June 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Goodwill	10	1,699,142	1,853,609
Tangible assets	11	2,817,004	1,935,028
		<u>4,516,146</u>	<u>3,788,637</u>
CURRENT ASSETS			
Stocks	13	267,909	305,853
Debtors	14	367,662	355,471
Cash at bank and in hand		2,669,962	3,450,977
		<u>3,305,533</u>	<u>4,112,301</u>
CREDITORS: amounts falling due within one year	16	<u>(2,289,938)</u>	<u>(2,288,279)</u>
NET CURRENT ASSETS		<u>1,015,595</u>	<u>1,824,022</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,531,741</u>	<u>5,612,659</u>
CREDITORS: amounts falling due after more than one year	17	-	(98,225)
PROVISIONS FOR LIABILITIES	18	<u>(208,084)</u>	<u>(184,662)</u>
NET ASSETS		<u>5,323,657</u>	<u>5,329,772</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	2,479,657	2,485,772
TOTAL SHAREHOLDERS' FUNDS	21	<u>5,323,657</u>	<u>5,329,772</u>

The financial statements of Strachan Holdings Limited, registered number 05818607, were approved by the Board of Directors on 3 March 2016.

Signed on behalf of the Board of Directors



A J Strachan
Director

STRACHAN HOLDINGS LIMITED

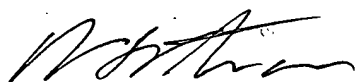
COMPANY BALANCE SHEET

As at 30 June 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets	11	2,374,595	1,485,774
Investments	12	7,648,732	7,648,732
		<u>10,023,327</u>	<u>9,134,506</u>
CURRENT ASSETS			
Debtors	14	1,179	784
Deferred tax asset	15	10,389	19,878
Cash at bank and in hand		87,862	503,598
		<u>99,430</u>	<u>524,260</u>
CREDITORS: amounts falling due within one year	16	<u>(449,849)</u>	<u>(963,197)</u>
NET CURRENT LIABILITIES		<u>(350,419)</u>	<u>(438,937)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,672,908</u>	<u>8,695,569</u>
CREDITORS: amounts falling due after more than one year	17	<u>-</u>	<u>(98,225)</u>
NET ASSETS		<u>9,672,908</u>	<u>8,597,344</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	6,828,908	5,753,344
TOTAL SHAREHOLDERS' FUNDS	21	<u>9,672,908</u>	<u>8,597,344</u>

The financial statements of Strachan Holdings Limited, registered number 05818607, were approved by the Board of Directors on 3 March 2016.

Signed on behalf of the Board of Directors



A J Strachan

Director

STRACHAN HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the year ended 30 June 2015

	Note	2015 £	2014 £
Net cash inflow from operating activities	23	1,101,194	807,243
Returns on investments and servicing of finance			
Interest paid	(2,137)	(4,589)	
Interest received	15,037	42,852	
Net cash inflow from returns on investments and servicing of finance		12,900	38,263
Net cash outflow from taxation		(174,129)	(192,394)
Capital expenditure			
Payments to acquire tangible fixed assets	(1,152,605)	(115,201)	
Proceeds from disposal of fixed assets	49,850	6,250	
Net cash outflow from capital expenditure		(1,102,755)	(108,951)
Dividends paid		(400,000)	(400,000)
Net cash (outflow)/inflow before financing	24	(562,790)	144,161
Financing			
Repayment of borrowings	(218,225)	(158,549)	
Net cash outflow from financing		(218,225)	(158,549)
Decrease in cash for the year	24	(781,015)	(14,388)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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 have been prepared under the historical cost convention in accordance with the reporting requirements of the Companies Act 2006 and 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 Strategic report and 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 financial statements.

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 FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

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
Office equipment, fixtures and fittings	20% to 33% per annum

No depreciation is provided on the freehold land.

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 financial statements 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 financial statements represents the estimated liability based upon historical warranty claim profiles.

Pension

The group does not administer a pension scheme. The pension costs 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.

Leases

Rentals under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases' term.

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.

Financial liabilities

Interest bearing loans are recorded at the proceeds received, net of direct issue costs. Finance costs are recognised over the term of the debt at a consistent rate on the carrying amount.

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, which is typically on installation of

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2015

the product. The turnover, all of which arises in the United Kingdom, is wholly attributable to the continuing principal activities.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Group	2015 £	2014 £
Directors' emoluments		
Salary	218,392	213,175
Benefits in kind	2,391	2,563
Pension costs	-	50,000
	<u>220,783</u>	<u>265,738</u>
Emoluments of the highest paid director		
Salary	121,116	92,059
Benefits in kind	-	2,395
Pension costs	-	50,000
	<u>121,116</u>	<u>144,454</u>
Staff costs during the year (including directors)		
Wages and salaries	2,074,419	2,025,132
Social security costs	199,375	195,545
Pension costs	60,562	50,000
	<u>2,334,356</u>	<u>2,270,677</u>
	No.	No.
Average number of persons employed		
Production	39	38
Administration	40	41
	<u>79</u>	<u>79</u>

The group made contributions to a pension scheme on behalf of no directors in 2015 (2014: one).

4. OPERATING PROFIT

	2015 £	2014 £
Operating profit is after charging/(crediting):		
Depreciation of owned assets	247,292	291,858
Amortisation of goodwill	154,467	154,467
Rentals under operating leases:		
Other	34,214	38,234
Profit on sale of fixed assets	(26,512)	(6,250)
Auditor Remuneration:		
- Fees payable to the company's auditor for the audit of the financial statements	12,600	12,190
- Tax compliance fees	<u>1,400</u>	<u>1,400</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

5. INTEREST RECEIVABLE

	2015 £	2014 £
Bank interest	15,037	42,852

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Mortgage interest	2,137	4,589
	2,137	4,589

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £	2014 £
Current Taxation:		
UK corporation tax charge in respect of current year	154,558	174,135
Adjustments in respect of prior periods	-	7,338
Total Current Taxation	154,558	181,473
Deferred Taxation:		
Origination and reversal of timing differences	18,957	(13,425)
Adjustments in respect of prior periods	-	(6,837)
Effect of changes in tax rates	(685)	(3,156)
	18,272	(23,418)
Tax on profit on ordinary activities	172,830	158,055

The tax assessed on the profit on ordinary activities for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2015

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2015 £	2014 £
Profit on ordinary activities before tax	566,715	503,959
Tax on profit on ordinary activities before tax	117,593	113,398
Factors affecting current taxation charge for the year:		
Capital allowances (in excess of) / less than depreciation	(18,957)	13,425
Expenses not allowable for tax purposes	56,294	51,729
Effects of other tax rates / credits	(372)	(4,417)
Adjustments in respect of prior periods	-	7,338
Current tax charge for the year	<u>154,558</u>	<u>181,473</u>

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% with effect from 1 April 2015. Accordingly 20% has been applied when calculating deferred tax assets and liabilities as at 30 June 2015.

Finance Act No2 2015, which was substantively enacted on 26 October 2015, includes further provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As the enabling legislation has not been substantively enacted these rates do not apply to the deferred tax position at 30 June 2015. Applying these rates to the deferred tax provision at 30 June 2015 would reduce the deferred tax provision to £9,350 (18%).

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 £1,475,564 (2014: £366,759).

9. DIVIDENDS

	2015 £	2014 £
Dividends proposed £ 0.7301 per ordinary share (2014: £0.7301 per ordinary share)	<u>400,000</u>	<u>400,000</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

10. GOODWILL

Group	Goodwill arising on consolidation £
Cost	
At 1 July 2014 and 30 June 2015	3,089,345
Amortisation	
At 1 July 2014	1,235,736
Charge for the year	154,467
At 30 June 2015	1,390,203
Net book value	
At 30 June 2015	1,699,142
At 30 June 2014	1,853,609

11. TANGIBLE ASSETS

Group	Land and Buildings £	Assets Under Construction £	Plant and Machinery £	Motor Vehicles £	Office eqpt Fixtures & Fittings £	Total £
Cost						
At 1 July 2014	2,082,442	1,052	1,130,475	470,723	466,336	4,151,028
Additions	-	963,536	111,458	76,354	1,257	1,152,605
Disposals	-	-	(10,979)	(109,516)	(191)	(120,686)
At 30 June 2015	2,082,442	964,588	1,230,954	437,561	467,402	5,182,947
Accumulated depreciation						
At 1 July 2014	597,720	-	964,736	217,471	436,073	2,216,000
Charge for the year	74,715	-	54,191	103,010	15,376	247,292
Eliminated on disposals	-	-	(10,979)	(86,179)	(191)	(97,349)
At 30 June 2015	672,435	-	1,007,948	234,302	451,258	2,365,943
Net book value						
At 30 June 2015	1,410,007	964,588	223,006	203,259	16,144	2,817,004
At 30 June 2014	1,484,722	1,052	165,739	253,252	30,263	1,935,028

The value of land not depreciated was £364,000 (2014: £364,000).

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

Company	Freehold Land and Buildings	Assets Under Construction	Plant and Machinery	Total
	£	£	£	£
Cost				
At 30 June 2014	2,082,442	1,052	217,558	2,301,052
Additions	-	963,536	-	963,536
At 30 June 2015	2,082,442	964,588	217,558	3,264,588
Accumulated depreciation				
At 1 July 2014	597,720	-	217,558	815,278
Charge for the year	74,715	-	-	74,715
At 30 June 2015	672,435	-	217,558	889,993
Net book value				
At 30 June 2015	1,410,007	964,588	-	2,374,595
At 30 June 2014	1,484,722	1,052	-	1,485,774

The value of land not depreciated was £364,000 (2014: £364,000).

12. INVESTMENTS

	2015 £	2014 £
Cost and net book value		
At 1 July 2014 and 30 June 2015	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
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

Convert-A-Room Ltd (Company Registration Number 02718904) has taken advantage of the s479A exemption from audit.

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

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

	Profit for the year ended 30 June 2015	Capital and reserves as at 30 June 2015	Profit for the year ended 30 June 2014	Capital and reserves as at 30 June 2014
Strachan Furniture Makers Limited	472,788	1,590,339	433,612	2,517,551
Convert-A-Room Limited	-	10,000	-	10,000

13. STOCKS

Group	2015 £	2014 £
Raw materials and consumables	249,817	298,889
Work in progress	11,796	4,792
Finished goods and goods for resale	6,296	2,172
	<u>267,909</u>	<u>305,853</u>

The company has no stock.

There is no material difference between the balance sheet value of stocks and their replacement costs.

14. DEBTORS

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade debtors	50,947	72,579	-	-
Other debtors	102,577	108,972	630	784
Prepayments and accrued income	214,138	173,920	549	-
	<u>367,662</u>	<u>355,471</u>	<u>1,179</u>	<u>784</u>

There are no debtors due after more than one year.

Included in other debtors is a director's loan balance of £nil (2014: £4,254) with D G Strachan. The highest balance outstanding during the year was £nil (2014: £4,254). The loan is repayable on demand and does not attract interest.

15. DEFERRED TAX ASSET

	Group £	Company £
Deferred taxation asset		
Balance at 1 July 2014	-	19,878
Current year credit	-	(9,489)
Adjustment in respect of prior years	-	-
Balance at 30 June 2015	<u>-</u>	<u>10,389</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

15. DEFERRED TAX ASSET (continued)

The amount of asset provided in the accounts is as follows:

	Group £	Company £
Depreciation in excess of capital allowances	-	10,389

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Payments received on account	726,553	676,193	-	-
Trade creditors	417,076	315,839	2,240	2,068
Accruals and deferred income	260,799	265,271	5,428	5,707
Mortgage (note 17)	-	120,000	-	120,000
Amounts due to group undertakings	-	-	1,750	394,186
Corporation tax	154,557	174,135	40,431	41,236
Other taxation and social security	330,953	336,841	-	-
Other creditors	400,000	400,000	400,000	400,000
	<u>2,289,938</u>	<u>2,288,279</u>	<u>449,849</u>	<u>963,197</u>

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

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Mortgage	-	98,225	-	98,225
	<u>-</u>	<u>98,225</u>	<u>-</u>	<u>98,225</u>

The mortgage was repaid in full on 26 June 2015.

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Analysis of mortgage repayments:				
Within one year (note 16)	-	120,000	-	120,000
Between one and two years	-	98,225	-	98,225
	<u>-</u>	<u>218,225</u>	<u>-</u>	<u>218,225</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

18. PROVISIONS FOR LIABILITIES

Group	Deferred Taxation £	Other provisions £	Total 2015 £
Balance at 1 July 2014	19,062	165,600	184,662
Charged to profit and loss account	18,272	5,150	23,421
Balance at 30 June 2015	<u>37,334</u>	<u>170,750</u>	<u>208,084</u>

Other provisions relate to amounts provided for potential warranty claims.

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

Group	Provided 2015 £	Provided 2014 £
Capital allowances in excess of depreciation	<u>37,334</u>	<u>19,062</u>

There is no unprovided deferred taxation at 30 June 2015 or 30 June 2014.

19. CALLED UP SHARE CAPITAL

Group and company	2015 £	2014 £
Called up, allotted and fully paid		
547,874 ordinary shares of 1 each	<u>547,874</u>	<u>547,874</u>

20. RESERVES

Group	Profit and loss account £	Share premium account £	Total £
Balance at 1 July 2014	2,485,772	2,296,126	4,781,898
Profit for the year	393,885	-	393,885
Dividends	(400,000)	-	(400,000)
Balance at 30 June 2015	<u>2,479,657</u>	<u>2,296,126</u>	<u>4,775,783</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

20. RESERVES (continued)

Company	Profit and loss account £	Share premium account £	Total £
Balance at 1 July 2014	5,753,344	2,296,126	8,049,470
Profit for the year	1,475,564	-	1,475,564
Dividends	(400,000)	-	(400,000)
Balance at 30 June 2015	<u>6,828,908</u>	<u>2,296,126</u>	<u>9,125,034</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

Group	2015 £	2014 £
Profit attributable to the members of the group	393,885	345,904
Dividends	(400,000)	(400,000)
Net reduction in shareholders' funds	(6,115)	(54,096)
Total Shareholders' funds at the start of the year	<u>5,329,772</u>	<u>5,383,868</u>
Total Shareholders' funds at the end of the year	<u>5,323,657</u>	<u>5,329,772</u>

Company	2015 £	2014 £
Profit attributable to the members of the company	1,475,564	366,759
Dividends	(400,000)	(400,000)
Net increase/(reduction) in shareholders' funds	1,075,564	(33,241)
Total Shareholders' funds at the start of the year	<u>8,597,344</u>	<u>8,630,585</u>
Total shareholders' funds at the end of the year	<u>9,672,908</u>	<u>8,597,344</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

22. FINANCIAL COMMITMENTS

Operating leases

At 30 June 2015, the group was committed to making the following payments during the next year in respect of operating leases:

	Other 2015 £	Other 2014 £
Leases which expire:		
Within one year	22,616	-
Between one and two years	-	34,358
	<u>22,616</u>	<u>34,358</u>

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

	2015 £	2014 £
Operating profit	553,815	465,696
Depreciation charges	247,292	291,858
Amortisation of goodwill	154,467	154,467
Profit on disposal of fixed assets	(26,512)	(6,250)
Decrease/(Increase) in stock	37,944	(27,589)
Increase in debtors	(12,191)	(26,213)
Increase/(Decrease)/ in creditors and provisions	146,379	(44,726)
Net cash inflow from operating activities	<u>1,101,194</u>	<u>807,243</u>

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

	2015 £	2014 £
Decrease in cash in the year	(781,015)	(14,388)
Repayment of mortgage	218,225	158,549
Changes in net cash resulting from cash flows	<u>(562,790)</u>	<u>144,161</u>
Net funds brought forward	3,232,752	3,088,591
Net funds at 30 June	<u>2,669,962</u>	<u>3,232,752</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2015

25. ANALYSIS OF CHANGES IN NET DEBT

	At 30 June 2014 £	Cash flows £	Non-cash items £	At 30 June 2015 £
Cash at bank and in hand	3,450,977	(781,015)	-	2,669,962
Debt due within one year				
Mortgage	(120,000)	120,000	-	-
	3,330,977	(661,015)	-	2,669,962
Debt due greater than one year				
Mortgage	(98,225)	98,225	-	-
	3,232,752	(562,790)	-	2,669,962

26. RELATED PARTY DISCLOSURES

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