

Company Registration No. 05896721 (England and Wales)

**COUNTERLINE HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**COUNTERLINE HOLDINGS LIMITED**

**COMPANY INFORMATION**

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|--------------------------|------------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | S Dutton<br>T J C Flood<br>A Perry                                                                   |
| <b>Secretary</b>         | S Dutton                                                                                             |
| <b>Company number</b>    | 05896721                                                                                             |
| <b>Registered office</b> | Unit 12 Randles Rd<br>Knowsley Business Park<br>Merseyside<br>L34 7HZ                                |
| <b>Auditors</b>          | Royce Peeling Green Limited<br>The Copper Room<br>Deva Centre<br>Trinity Way<br>Manchester<br>M3 7BG |
| <b>Bankers</b>           | National Westminster Bank Plc<br>28 Castle Street<br>Liverpool<br>L2 0UP                             |

## **COUNTERLINE HOLDINGS LIMITED**

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**COUNTERLINE HOLDINGS LIMITED**

**STRATEGIC REVIEW**

**FOR THE YEAR ENDED 30 JUNE 2016**

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The Directors present their strategic review of the group for the year ended 30 June 2016.

**Principal activities**

The principal activity of the group and its subsidiary in the year under review was that of the manufacture of food service counters and displays.

**Performance review**

Turnover increased by 5.7% to £12,218,106 for the year whilst the company successfully reduced its operating costs by £117,000 compared to the previous year. The result has been a significant increase in pre-tax profit. The businesses growth is the result of its success in identifying new export markets around the world and, whilst maintaining its presence in the UK bespoke counter market, it will continue with this strategy into the future. In line with its improved financial performance the balance sheet has strengthened with an increase in liquidity and net asset position.

Investment in new products has always been the cornerstone of the business and the company continues to commit heavily into research and development in order to lead the industry. This is taking place alongside other new capital investment and infrastructure projects.

**Principal risks and uncertainties**

The directors do not believe that there are any significant risks to the strategy of continued and targeted growth. Whilst the UK's intention to leave the European Union will present some short term challenges the directors believe that the company has a product range that is well placed to exploit new opportunities in the UK as well as in many international markets.



S Dutton  
**DIRECTOR**

27/11/2017

## **COUNTERLINE HOLDINGS LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 30 JUNE 2016**

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The directors present their report and financial statements for the year ended 30 June 2016.

#### **Principal activities**

The principal activity of the group and its subsidiary in the year under review was that of the manufacture of food service counters and displays.

#### **Results and dividends**

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

#### **Director**

The following directors have held office since 1 July 2015:

S Dutton  
T J C Flood  
A Perry

The directors have no material interest, direct or indirect, in any contract entered into by the group.

#### **Auditors**

In accordance with the company's articles, a resolution proposing that Royce Peeling Green Limited be reappointed as auditors of the company and the group will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the 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.

**COUNTERLINE HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2016**

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**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of all relevant information and to establish that the company's auditors are aware of that information.

By Order of the Board:

S Dutton  
Secretary



27/1/2017

## **COUNTERLINE HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF COUNTERLINE HOLDINGS LIMITED**

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We have audited the financial statements of Counterline Holdings Limited for the year ended 30 June 2016 set out on pages 6 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102.

This report is made solely to the company's members, as a body, and 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 its members as a body for our audit work, for this report or for opinions we have formed.

#### **Respective responsibilities of director and auditors**

As explained more fully in the Statement of directors' responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion of financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and the parent company as at 30 June 2016 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 review and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**COUNTERLINE HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

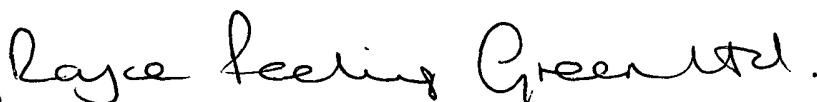
**TO THE MEMBERS OF COUNTERLINE HOLDINGS LIMITED**

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**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.



**Carolyn Dutton (Senior Statutory Auditor)**  
**for and on behalf of Royce Peeling Green Ltd**

**Chartered Accountants**  
**Statutory Auditor**

**6 February 2017**

The Copper Room, Deva Centre  
Trinity Way  
Manchester M3 7BG

**COUNTERLINE HOLDINGS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

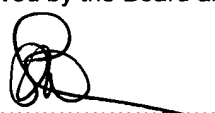
|                                                              | Notes | 2016<br>£   | Restated<br>2015<br>£ |
|--------------------------------------------------------------|-------|-------------|-----------------------|
| <b>Turnover: continuing operations</b>                       | 6     | 12,218,106  | 11,558,641            |
| Cost of sales                                                |       | (8,396,964) | (7,795,939)           |
| <b>Gross profit</b>                                          |       | 3,821,142   | 3,762,702             |
| Distribution Costs                                           |       | (233,946)   | (249,325)             |
| Administration expenses                                      |       | (3,300,772) | (3,402,489)           |
| <b>Group operating profit</b>                                | 7     | 286,424     | 110,888               |
| Interest payable                                             | 8     | (107,892)   | (107,650)             |
| <b>Profit/ (loss) on ordinary activities before taxation</b> |       | 178,532     | 3,238                 |
| Tax on profit/ (loss) on ordinary activities                 | 11    | 4,454       | 54,107                |
| <b>Profit for the year</b>                                   |       | 182,986     | 57,345                |
| <b>Total comprehensive income for the year</b>               |       | 182,986     | 57,345                |

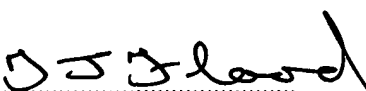
The notes on pages 12 to 29 form part of these financial statements.

**COUNTERLINE HOLDINGS LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2016**

|                                                                | Notes | 2016<br>£   | £         | Restated<br>2015<br>£ | £         |
|----------------------------------------------------------------|-------|-------------|-----------|-----------------------|-----------|
| <b>Fixed assets</b>                                            |       |             |           |                       |           |
| Intangible fixed assets                                        | 15    | 958,932     |           | 1,081,062             |           |
| Tangible fixed assets                                          | 14    | 1,262,952   |           | 1,349,318             |           |
|                                                                |       |             | 2,221,884 |                       | 2,430,380 |
| <b>Current assets</b>                                          |       |             |           |                       |           |
| Stocks                                                         | 18    | 1,097,763   |           | 1,601,800             |           |
| Debtors                                                        | 19    | 3,139,297   |           | 2,496,157             |           |
| Cash at bank and in hand                                       |       | 734,541     |           | 218,970               |           |
|                                                                |       |             | 4,971,601 |                       | 4,316,927 |
| <b>Creditors: amounts falling due within one year</b>          | 20    | (4,530,312) |           | (4,103,771)           |           |
| <b>Net current liabilities</b>                                 |       |             | 441,289   |                       | 213,156   |
| <b>Total assets less current liabilities</b>                   |       |             | 2,663,173 |                       | 2,643,536 |
| <b>Creditors: amounts falling due after more than one year</b> | 21    |             | (588,473) |                       | (633,022) |
| <b>Provision for liabilities and charges</b>                   | 24    |             | -         |                       | -         |
| <b>Net assets</b>                                              |       |             | 2,074,700 |                       | 2,010,514 |
| <b>Capital and reserves</b>                                    |       |             |           |                       |           |
| Share capital                                                  | 25    |             | 1,200     |                       | 120,000   |
| Revaluation reserve                                            |       |             | 199,660   |                       | 204,702   |
| Capital Redemption reserve                                     |       |             | 57,777    |                       | 57,777    |
| Profit and loss account                                        |       |             | 1,816,063 |                       | 1,628,035 |
| <b>Shareholders' funds</b>                                     |       |             | 2,074,700 |                       | 2,010,514 |

Approved by the Board and authorised for issue on 27.1.17

  
S Dutton  
Director

  
T J C Flood  
Director

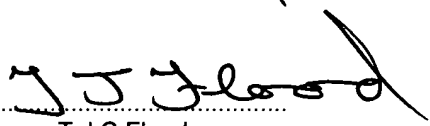
Company Registration No. 05896721

The notes on pages 12 to 29 form part of these financial statements.

**COUNTERLINE HOLDINGS LIMITED****BALANCE SHEET****AS AT 30 JUNE 2016**

|                                                                | Notes | 2016<br>£   | 2015<br>£   |
|----------------------------------------------------------------|-------|-------------|-------------|
| <b>Fixed assets</b>                                            |       |             |             |
| Investments                                                    | 16    | 2,302,065   | 2,302,065   |
| <b>Current assets</b>                                          |       |             |             |
| Debtors                                                        | 19    | 10,163      | 10,163      |
| Cash at bank                                                   |       | 10,403      | 10,865      |
| <b>Creditors:</b>                                              |       | 20,566      | 21,028      |
| Amounts falling due within one year                            | 20    | (2,116,717) | (1,950,591) |
| <b>Net current assets</b>                                      |       | (2,096,151) | (1,929,563) |
| <b>Total assets less current liabilities</b>                   |       | 205,914     | 372,502     |
| <b>Creditors: amounts falling due after more than one year</b> | 21    | -           | (43,200)    |
| <b>Net assets</b>                                              |       | 205,914     | 329,302     |
| <b>Capital and reserves</b>                                    |       |             |             |
| Share capital                                                  | 25    | 1,200       | 120,000     |
| Share premium account                                          |       | 57,777      | 57,777      |
| Profit and loss account                                        |       | 146,937     | 151,525     |
| <b>Shareholders' funds</b>                                     |       | 205,914     | 329,302     |

Approved by the Board and authorised for issue on 27/11/2017

  
S Dutton  
Director  
T J C Flood  
Director

Company Registration No. 05896721

The notes on pages 12 to 29 form part of these financial statements.

**COUNTERLINE HOLDINGS LIMITED****STATEMENTS OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2016****Consolidated statement of changes in equity**

|                                         | Share<br>capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Revaluation<br>reserve<br>£ | Profit &<br>loss<br>£ | Total<br>£       |
|-----------------------------------------|-----------------------|---------------------------------------|-----------------------------|-----------------------|------------------|
| At 1 July 2014                          | 120,000               | 57,777                                | 209,744                     | 1,565,648             | 1,953,169        |
| Total comprehensive income for the year | -                     | -                                     | -                           | 57,345                | 57,345           |
| Transfer                                | -                     | -                                     | (5,042)                     | 5,042                 | -                |
| <b>At 30 June 2015</b>                  | <b>120,000</b>        | <b>57,777</b>                         | <b>204,702</b>              | <b>1,628,035</b>      | <b>2,010,514</b> |
| At 1 July 2015                          | 120,000               | 57,777                                | 204,702                     | 1,628,035             | 2,010,514        |
| Total comprehensive income for the year | -                     | -                                     | -                           | 182,986               | 182,986          |
| Transfer                                | -                     | -                                     | (5,042)                     | 5,042                 | -                |
| Reduction                               | (118,800)             | -                                     | -                           | -                     | (118,800)        |
| <b>At 30 June 2016</b>                  | <b>1,200</b>          | <b>57,777</b>                         | <b>199,660</b>              | <b>1,816,063</b>      | <b>2,074,700</b> |

**Company statement of changes in equity**

|                                         | Share<br>capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Profit &<br>loss<br>£ | Total<br>£     |
|-----------------------------------------|-----------------------|---------------------------------------|-----------------------|----------------|
| At 1 July 2014                          | 120,000               | 57,777                                | 149,017               | 326,794        |
| Total comprehensive income for the year | -                     | -                                     | 2,508                 | 2,508          |
| <b>At 30 June 2015</b>                  | <b>120,000</b>        | <b>57,777</b>                         | <b>151,525</b>        | <b>329,302</b> |
| At 1 July 2015                          | 120,000               | 57,777                                | 151,525               | 329,302        |
| Total comprehensive income for the year | -                     | -                                     | (4,588)               | (4,588)        |
| Reduction                               | (118,800)             | -                                     | -                     | (118,800)      |
| <b>At 30 June 2016</b>                  | <b>1,200</b>          | <b>57,777</b>                         | <b>146,937</b>        | <b>205,914</b> |

**COUNTERLINE HOLDINGS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

|                                                 | Notes | 2016<br>£ | £        | 2015<br>£ | £         |
|-------------------------------------------------|-------|-----------|----------|-----------|-----------|
| <b>Operating activities</b>                     |       |           |          |           |           |
| Net cash flow from operations                   | 1     | 364,979   |          | 265,414   |           |
| Interest paid                                   |       | (107,892) |          | (107,650) |           |
| Taxation refunded                               |       | -         |          | -         |           |
| <b>Net cash flow from operating activities</b>  |       |           | 257,087  |           | 157,764   |
| <b>Investing activities</b>                     |       |           |          |           |           |
| Payments to acquire tangible fixed assets       |       | (68,985)  |          | (40,085)  |           |
| Receipts from disposal of tangible fixed assets |       | 12,401    |          | 5,183     |           |
| <b>Net cash flow from investing activities</b>  |       |           | (56,584) |           | (34,902)  |
| <b>Financing activities</b>                     |       |           |          |           |           |
| Equity dividends paid                           |       | -         |          | -         |           |
| Repayment of share capital                      |       | (118,800) |          | -         |           |
| New loans                                       |       | 200,000   |          | -         |           |
| Repayment of loans                              |       | 326,228   |          | (26,931)  |           |
| Capital element of hire purchase payments       |       | (92,360)  |          | (105,463) |           |
| <b>Net cash flow from financing activities</b>  |       |           | 315,068  |           | (132,394) |
| <b>Increase/(decrease) in cash in the year</b>  | 2     |           | 515,571  |           | (9,352)   |

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**1 Reconciliation of operating profit to net cash inflow from operating activities**

|                                                     | 2016<br>£      | Restated<br>2015<br>£ |
|-----------------------------------------------------|----------------|-----------------------|
| Group operating profit                              | 286,424        | 110,888               |
| Depreciation and amortisation charges               | 224,403        | 242,976               |
| Loss/ (profit) on disposal of tangible fixed assets | 40,677         | 1,598                 |
| (Increase)/decrease in stocks                       | 504,037        | (95,302)              |
| (Increase)/decrease in debtors                      | (804,812)      | (128,414)             |
| (Increase)/decrease in creditors                    | 114,250        | 133,668               |
|                                                     | <u>364,979</u> | <u>265,414</u>        |

**2 Analysis of net debt**

|                                      | 1 July 2015<br>£   | Cash<br>Flow<br>£ | Other<br>£ | 30 June 2016<br>£  |
|--------------------------------------|--------------------|-------------------|------------|--------------------|
| Net cash:                            |                    |                   |            |                    |
| Cash in hand and at bank             | 218,970            | 515,571           | -          | 734,541            |
| Debt:                                |                    |                   |            |                    |
| Amounts due within one year          | (1,826,363)        | (544,012)         | -          | (2,370,375)        |
| Amounts due after more than one year | (482,018)          | (25,416)          | -          | (507,434)          |
| Finance lease obligations            | (247,011)          | 92,360            | -          | (154,651)          |
|                                      | <u>(2,555,392)</u> | <u>(477,068)</u>  | <u>-</u>   | <u>(3,032,460)</u> |
| Net debt                             | <u>(2,336,422)</u> | <u>38,503</u>     | <u>-</u>   | <u>(2,297,919)</u> |

## **COUNTERLINE HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2016**

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#### **1 Company information**

Counterline Holdings Limited is a company limited by shares incorporated in England and Wales. The registered office is Unit 12, Randles Road, Knowsley Business Park, Merseyside, L34 9HZ.

#### **2 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.

These financial statements for the year ended 30 June 2016 are the first financial statements of Counterline Holdings Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

#### **3 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.

#### **4 Accounting policies**

##### **4.1 Basis of consolidation**

The group financial statements consolidate the financial statements of the parent undertaking and its subsidiary undertakings drawn up to 30 June 2016.

In accordance with section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account; its result for the year is shown in note 13.

##### **4.2 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

**4.3 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

**4.4 Fixed asset investments**

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

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

**4.5 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 if the fair value can be measured reliably.

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

Development costs

The costs are amortised on a straight line basis over the anticipated life of the benefits arising from the completed product. This is considered to be 10 years.

**4.6 Goodwill**

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

## COUNTERLINE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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#### 4.7 Tangible fixed assets and depreciation

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

Depreciation is provided at rates calculated to write off the cost or valuation, less the estimated residual value of each asset over its expected useful life. The rates generally applicable are:

|                              |                            |
|------------------------------|----------------------------|
| Leasehold land and buildings | 2% straight line basis     |
| Plant and equipment          | 10% reducing balance basis |
| Computer equipment           | 33% straight line basis    |
| Motor vehicles               | 10% reducing balance basis |

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 and loss.

#### 4.8 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 4.9 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.

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

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

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4.10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**4.11 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 trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

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

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***

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

***Classification of financial liabilities***

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

***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

***Derecognition of financial liabilities***

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

**4.12 Equity instruments**

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

**4.13 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.

## COUNTERLINE HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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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.

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

#### **4.14 Employee benefits**

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

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

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

#### **4.15 Retirement benefits**

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

#### **4.16 Leases**

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### **4.17 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.

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**5 Judgements and key sources of estimation uncertainty**

In the application of the group'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 sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Depreciation and amortisation**

Depreciation is accounted for in accordance with FRS102. The depreciation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

**6 Turnover**

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

|                                                 | 2016                     | 2015                     |
|-------------------------------------------------|--------------------------|--------------------------|
|                                                 | £                        | £                        |
| <b>Turnover</b>                                 | <b><u>12,218,106</u></b> | <b><u>11,558,641</u></b> |
| <b>Turnover analysed by geographical market</b> | <b>2016</b>              | <b>2015</b>              |
|                                                 | £                        | £                        |
| United Kingdom                                  | 9,306,935                | 9,531,364                |
| Europe                                          | 978,419                  | 991,190                  |
| Rest of the World                               | 1,932,752                | 1,036,087                |

**COUNTERLINE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2016****7 Operating profit**

Group operating profit is stated after charging or crediting:

|                                                               | 2016      | Restated<br>2015 |
|---------------------------------------------------------------|-----------|------------------|
|                                                               | £         | £                |
| Auditors' remuneration - audit of the group's annual accounts | 15,000    | 14,750           |
| Goodwill amortisation                                         | 119,867   | 129,033          |
| Amortisation of deferred research and development expenditure | 2,263     | 2,261            |
| Depreciation                                                  | 102,273   | 111,682          |
| Loss/ (profit) on disposal of fixed assets                    | 40,677    | 1,598            |
| Cost of stocks recognised as an expense                       | 5,674,320 | 5,347,131        |
| Operating leases                                              | 133,934   | 142,933          |
| Difference on foreign exchange                                | 1,167     | 941              |
| Directors' emoluments:                                        |           |                  |
| Emoluments for qualifying services                            | 299,745   | 314,301          |
| Highest paid director's emoluments                            | 109,769   | 105,123          |

Total and the highest paid director's emoluments include pension contributions of £30,933 (2015: £26,042) and £11,626 (2015: £8,693) respectively. Retirement benefits are accruing under money purchase pension schemes for three directors (2015: three).

**8 Interest payable**

| Group                                     | 2016    | 2015    |
|-------------------------------------------|---------|---------|
|                                           | £       | £       |
| Bank loans and overdrafts                 | 30,765  | 26,833  |
| Other loans                               | 4,588   | (2,535) |
| Finance leases and hire purchase interest | 11,277  | 11,604  |
| Other interest                            | 61,262  | 71,748  |
|                                           | 107,892 | 107,650 |

**9 Employees**

Staff costs, including directors, during the year were as follows:

| Group                 | 2016      | 2015      |
|-----------------------|-----------|-----------|
|                       | £         | £         |
| Wages and salaries    | 4,099,484 | 4,056,373 |
| Social security costs | 391,435   | 410,707   |
| Other pension costs   | 179,414   | 98,862    |
|                       | 4,670,333 | 4,565,942 |

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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The average monthly number of employees, including directors, during the year was as follows:-

| <b>Group</b> | <b>2016<br/>Number</b> | <b>2015<br/>Number</b> |
|--------------|------------------------|------------------------|
| Directors    | 3                      | 3                      |
| Office       | 45                     | 52                     |
| Production   | 116                    | 102                    |
|              | <hr/>                  | <hr/>                  |
|              | 164                    | 157                    |
|              | <hr/>                  | <hr/>                  |

The company has no employees other than the directors.

**10 Retirement benefits scheme**

**Defined contribution schemes**

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £179,414 (2015 - £98,862).

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11 Taxation**

**Group**

|                                                                                                                            | <b>2016</b>     | <b>2015</b>     |
|----------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                                            | <b>£</b>        | <b>£</b>        |
| <b>Current year tax</b>                                                                                                    |                 |                 |
| UK corporation tax                                                                                                         | -               | -               |
| Adjustment for prior years                                                                                                 | (36,937)        | -               |
| <b>Total current tax</b>                                                                                                   | <b>(36,937)</b> | <b>-</b>        |
| <b>Total deferred tax</b>                                                                                                  | <b>32,483</b>   | <b>(54,107)</b> |
| <b>Total tax charge/ (credit)</b>                                                                                          | <b>(4,454)</b>  | <b>(54,107)</b> |
| <b>Factors affecting the tax charge for the year</b>                                                                       |                 |                 |
| Profit/ (loss) on ordinary activities before taxation                                                                      | 178,532         | 27,210          |
| Profit/ (loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2015: 20%) | 35,706          | 5,442           |
| <b>Effects of:</b>                                                                                                         |                 |                 |
| Non-deductible expenses/ (non taxable income)                                                                              | 39,885          | 5,751           |
| Non tax deductible amortisation of goodwill                                                                                | 23,973          | 19,179          |
| Fixed asset differences                                                                                                    | -               | 3,536           |
| Other non-reversing timing differences                                                                                     | -               | (494)           |
| R&D tax credits                                                                                                            | (133,137)       | (85,272)        |
| Tax effect of utilisation of tax losses not previously recognised                                                          | (22,439)        | 51,567          |
| Permanent capital allowances in excess of depreciation                                                                     | 18,157          | -               |
| Deferred taxation movement                                                                                                 | 32,483          | (54,107)        |
| Other tax adjustments                                                                                                      | 918             | 291             |
| <b>Tax expense/ (income) for the year</b>                                                                                  | <b>(4,454)</b>  | <b>(54,107)</b> |

**12 Dividends paid**

During the year the shareholders approved dividend payments of £Nil (2015: £Nil).

**13 Retained profit for the year**

As permitted by Section 408 Companies Act 2006, these financial statements do not include a separate profit and loss account for the parent company. The parent company's (loss)/profit for the financial year was (£4,588) (2015: £2,508).

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**14 Tangible fixed assets**  
**Group**

|                                    | Leasehold<br>land and<br>buildings | Plant and<br>equipment | Computer<br>equipment | Motor vehicles | Total     |
|------------------------------------|------------------------------------|------------------------|-----------------------|----------------|-----------|
|                                    | £                                  | £                      | £                     | £              | £         |
| <b>Cost or valuation</b>           |                                    |                        |                       |                |           |
| At 1 July 2015                     | 912,319                            | 684,145                | 186,503               | 431,640        | 2,214,607 |
| Additions                          | 29,685                             | 8,655                  | 9,695                 | 20,950         | 68,985    |
| Disposals                          | -                                  | (1,600)                | -                     | (242,868)      | (244,468) |
| At 30 June 2016                    | 942,004                            | 691,200                | 196,198               | 209,722        | 2,039,124 |
| <b>Depreciation and impairment</b> |                                    |                        |                       |                |           |
| At 1 July 2015                     | 143,300                            | 240,048                | 174,601               | 307,340        | 865,289   |
| Depreciation charged in the year   | 18,088                             | 45,564                 | 8,194                 | 30,427         | 102,273   |
| Eliminated in respect of disposals | -                                  | (905)                  | -                     | (190,485)      | (191,390) |
| At 30 June 2016                    | 161,388                            | 284,707                | 182,795               | 147,282        | 776,172   |
| <b>Carrying amount</b>             |                                    |                        |                       |                |           |
| At 30 June 2016                    | 780,616                            | 406,493                | 13,403                | 62,440         | 1,262,952 |
| At 30 June 2015                    | 769,019                            | 444,097                | 11,902                | 124,300        | 1,349,318 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

|                                                              | 2016<br>£      | 2015<br>£      |
|--------------------------------------------------------------|----------------|----------------|
| Fixtures, fittings and equipment                             | 216,090        | 253,317        |
| Motor vehicles                                               | 24,672         | 117,297        |
| Computer equipment                                           | 41,020         | 41,878         |
|                                                              | <u>281,782</u> | <u>412,492</u> |
| Depreciation charge for the year in respect of leased assets | <u>27,867</u>  | <u>56,390</u>  |

**COUNTERLINE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2016**

The group's land and buildings were revalued at 24 September 2014 by Mason Owen and Partners Limited, external valuers, at open market value. Valuations were undertaken in accordance with the Royal Institute of Chartered Surveyors' Valuation - Professional Standards (January 2014). The surplus arising was credited to the revaluation reserve. All other tangible assets are stated at historical cost.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

|                          | 2016<br>£      | 2015<br>£      |
|--------------------------|----------------|----------------|
| Cost                     | 711,766        | 682,081        |
| Accumulated depreciation | (133,473)      | (119,484)      |
| Carrying value           | <u>578,293</u> | <u>562,597</u> |

**15 Intangible fixed assets**

|                                    | Goodwill<br>£    | Development<br>costs<br>£ | Total<br>£       |
|------------------------------------|------------------|---------------------------|------------------|
| <b>Cost</b>                        |                  |                           |                  |
| At 1 July 2015 and 30 June 2016    | <u>2,017,870</u> | <u>22,612</u>             | <u>2,040,482</u> |
| <b>Amortisation and impairment</b> |                  |                           |                  |
| At 1 July 2015 – as restated       | 939,071          | 20,349                    | 959,420          |
| Amortisation charged for the year  | <u>119,867</u>   | <u>2,263</u>              | <u>122,130</u>   |
| At 30 June 2016                    | <u>1,058,938</u> | <u>22,612</u>             | <u>1,081,550</u> |
| <b>Carrying amount</b>             |                  |                           |                  |
| At 30 June 2016                    | <u>958,932</u>   | <u>-</u>                  | <u>958,932</u>   |
| At 30 June 2015 – as restated      | <u>1,078,799</u> | <u>2,263</u>              | <u>1,081,062</u> |

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**16 Fixed asset investments**

| <b>Company</b>                  | <b>Shares in subsidiary undertakings<br/>£</b> |
|---------------------------------|------------------------------------------------|
| <b>Cost and net book value</b>  |                                                |
| At 1 July 2015 and 30 June 2016 | 2,302,065                                      |

| <b>Name</b>         | <b>Country of registration</b> | <b>Nature of business</b>                         |
|---------------------|--------------------------------|---------------------------------------------------|
| Counterline Limited | England & Wales                | Manufacture of food service counters and displays |

The company owns 100% of the ordinary share capital of Counterline Limited.

**17 Financial instruments**

|                                                     | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2016<br/>£</b> | <b>Group<br/>2015<br/>£</b> | <b>Company<br/>2015<br/>£</b> |
|-----------------------------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| <b>Carrying amount of financial assets</b>          |                             |                               |                             |                               |
| Debt instruments measured at amortised cost         | 3,139,297                   | 10,163                        | 2,496,157                   | 10,163                        |
| Equity instruments measured at cost less impairment | -                           | 2,302,065                     | -                           | 2,302,065                     |
|                                                     | 3,139,297                   | 2,312,228                     | 2,496,157                   | 2,312,228                     |
| <b>Carrying amount of financial liabilities</b>     |                             |                               |                             |                               |
| Measured at amortised cost                          | 5,118,785                   | 2,116,717                     | 4,736,793                   | 1,993,791                     |

**18 Stock**

|                                     | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2016<br/>£</b> | <b>Group<br/>2015<br/>£</b> | <b>Company<br/>2015<br/>£</b> |
|-------------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| Raw materials and consumables       | 442,077                     | -                             | 701,959                     | -                             |
| Work in progress                    | 434,434                     | -                             | 594,344                     | -                             |
| Finished goods and goods for resale | 221,252                     | -                             | 305,497                     | -                             |
|                                     | 1,097,763                   | -                             | 1,601,800                   | -                             |

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**19 Debtors**

|                                | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2016<br/>£</b> | <b>Group<br/>2015<br/>£</b> | <b>Company<br/>2015<br/>£</b> |
|--------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| Trade debtors                  | 2,944,589                   | -                             | 2,308,710                   | -                             |
| Corporation tax                | 36,937                      | -                             | -                           | -                             |
| Other debtors                  | 10,998                      | 10,163                        | 18,723                      | 10,163                        |
| Deferred tax                   | 19,718                      | -                             | 52,201                      | -                             |
| Prepayments and accrued income | 127,055                     | -                             | 116,523                     | -                             |
|                                | <u>3,139,297</u>            | <u>10,163</u>                 | <u>2,496,157</u>            | <u>10,163</u>                 |

Trade debtors are subject to an invoice discounting arrangement.

**20 Creditors: amounts falling due within one year**

|                                               | <b>Note</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2016<br/>£</b> | <b>Group<br/>2015<br/>£</b> | <b>Company<br/>2015<br/>£</b> |
|-----------------------------------------------|-------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| Proceeds of factored debts (i)                |             | 2,277,010                   | -                             | 1,799,665                   | -                             |
| Bank loans and overdrafts (i)                 | <b>22</b>   | 93,365                      | -                             | 26,698                      | -                             |
| Finance lease and hire purchase contracts (i) | <b>23</b>   | 73,612                      | -                             | 96,007                      | -                             |
| Trade creditors                               |             | 1,473,867                   | -                             | 1,717,780                   | -                             |
| Corporation tax                               |             | -                           | -                             | -                           | -                             |
| Other taxes and social security               |             | 306,106                     | -                             | 337,168                     | -                             |
| Other creditors                               |             | 49,577                      | -                             | 20,984                      | -                             |
| Accruals and deferred income                  |             | 256,775                     | -                             | 105,469                     | -                             |
| Intra group balances                          |             | -                           | 2,116,717                     | -                           | 1,950,591                     |
|                                               |             | <u>4,530,312</u>            | <u>2,116,717</u>              | <u>4,103,771</u>            | <u>1,950,591</u>              |
| Debt (i)                                      |             | <u>2,443,987</u>            | <u>-</u>                      | <u>1,922,370</u>            | <u>-</u>                      |

The bank loan and invoice finance facility are secured by way of a debenture creating a first legal charge over the company and its subsidiary's current and future assets.

The proceeds of factored debts relate to a facility with RBS Invoice Finance Limited which is secured against trade debtors of £2,944,589 (2015: £2,308,710) as disclosed in the debtors note.

Amounts owed under finance leases are secured against the underlying assets to which the finance relates.

**COUNTERLINE HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**21 Creditors: amounts falling due after more than one year**

|                                           | Note | Group<br>2016<br>£ | Company<br>2016<br>£ | Group<br>2015<br>£ | Company<br>2015<br>£ |
|-------------------------------------------|------|--------------------|----------------------|--------------------|----------------------|
| Bank loans                                | 22   | 507,434            | -                    | 438,818            | -                    |
| Other creditors                           |      | -                  | -                    | 43,200             | 43,200               |
| Finance lease and hire purchase contracts | 23   | 81,039             | -                    | 151,004            | -                    |
|                                           |      | 588,473            | -                    | 633,022            | 43,200               |

**22 Borrowings**

|                                             | Group<br>2016<br>£ | Company<br>2016<br>£ | Group<br>2015<br>£ | Company<br>2015<br>£ |
|---------------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Total debt excluding hire purchase          | 2,951,421          | -                    | 2,361,188          | -                    |
| Less amount included in current liabilities | (2,443,987)        | -                    | (1,922,370)        | -                    |
| Payable after one year                      | 507,434            | -                    | 438,818            | -                    |

The bank loan and invoice finance facility are secured by way of a debenture creating a first legal charge over the company and its subsidiary's current and future assets.

Amounts owed under finance leases are secured against the underlying assets to which the finance relates.

Included within Other creditors falling due after more than one year, are amounts owing to the directors. Interest accrues on the outstanding balance at 7% per annum.

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**23 Net obligations under hire purchase contracts**

Future minimum lease payments due under hire purchase contracts/ finance leases are:

|                                            | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2016<br/>£</b> | <b>Group<br/>2015<br/>£</b> | <b>Company<br/>2015<br/>£</b> |
|--------------------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| Repayable within one year                  | 81,831                      | -                             | 114,591                     | -                             |
| Repayable between one and five years       | 91,287                      | -                             | 159,861                     | -                             |
|                                            | 173,118                     | -                             | 274,452                     | -                             |
| Finance charge allocated to future periods | (18,467)                    | -                             | (27,441)                    | -                             |
|                                            | 154,651                     | -                             | 247,011                     | -                             |
| Included in current liabilities            | (73,612)                    | -                             | (96,007)                    | -                             |
|                                            | 81,039                      | -                             | 151,004                     | -                             |

Net obligations under hire purchase contracts represent rentals payable by the group 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. The liabilities are secured by fixed charges on the assets concerned.

**24 Provisions for liabilities and charges**

| <b>Group</b>                                            | <b>Deferred<br/>Taxation<br/>£</b> |
|---------------------------------------------------------|------------------------------------|
| <b>Balance at 1 July 2015</b>                           | (52,201)                           |
| Profit and loss account                                 | 32,483                             |
| <b>Balance at 30 June 2016</b>                          | (19,718)                           |
| <b>The deferred tax liability is made up as follows</b> |                                    |
| Accelerated capital allowances                          | (70,648)                           |
| Tax losses                                              | 58,957                             |
| Other timing differences                                | 31,409                             |
|                                                         | 19,718                             |

**25 Share capital**

|                                        | <b>Number</b> | <b>£</b> |
|----------------------------------------|---------------|----------|
| <b>Allotted, issued and fully paid</b> |               |          |
| Ordinary shares of £1 each             | 1,200         | 1,200    |

On 31 March 2016 the shareholders approved a resolution to reduce the share capital of the company by £118,800 and to return that amount to the shareholders.

**COUNTERLINE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2016****26 Finance commitments****Lessee**

At the reporting end date the group and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | Group          |                | Company  |          |
|----------------------------|----------------|----------------|----------|----------|
|                            | 2016           | 2015           | 2016     | 2015     |
|                            | £              | £              | £        | £        |
| Within one year            | 70,971         | 89,874         | -        | -        |
| Between two and five years | 206,725        | 232,696        | -        | -        |
| In over five years         | 251,250        | 296,250        | -        | -        |
|                            | <u>528,946</u> | <u>618,820</u> | <u>-</u> | <u>-</u> |

**27 Financial commitments, guarantees and contingent liabilities**

There is an unlimited intercompany guarantee dated 24 February 2010 in favour of National Westminster Bank plc between Counterline Holdings Limited and Counterline Limited.

National Westminster Bank plc holds a legal charge dated 26 February 2010 over the property of the company, Unit 12, Randles Road, Knowsley Business Park, Prescot, Merseyside, L34 9HZ.

National Westminster Bank plc hold a debenture dated 24 February 2010 over all the assets of the company.

**28 Related party transactions**

The remuneration of key management personnel, including the directors, is as follows.

|                   | Group          |                | Company  |          |
|-------------------|----------------|----------------|----------|----------|
|                   | 2016           | 2015           | 2016     | 2015     |
|                   | £              | £              | £        | £        |
| Aggregate amounts | <u>294,968</u> | <u>314,301</u> | <u>-</u> | <u>-</u> |

No guarantees have been given or received.

**Other transactions**

The company operates from premises leased from the The Harsant SIPP (an entity of which the directors are trustees and members) and during the year paid a fair market rent of £45,000 (2015: £45,000).

**29 Controlling party**

During the year the company was controlled by Mr T Flood, Mr A Perry and Mr S Dutton.

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**30 Transition to FRS 102**

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

**Reconciliation of equity**

|                                                             | <b>Group</b>     |                  | <b>Company</b> |                |
|-------------------------------------------------------------|------------------|------------------|----------------|----------------|
|                                                             | <b>1 July</b>    | <b>30 June</b>   | <b>1 July</b>  | <b>30 June</b> |
|                                                             | <b>2014</b>      | <b>2015</b>      | <b>2014</b>    | <b>2015</b>    |
|                                                             | <b>£</b>         | <b>£</b>         | <b>£</b>       | <b>£</b>       |
| Equity as reported under previous UK GAAP and under FRS 102 | 1,953,169        | 2,034,486        | 326,794        | 329,302        |
| Adjustments to prior year (see note)                        | -                | (23,972)         | -              | -              |
| <b>As restated</b>                                          | <b>1,953,169</b> | <b>2,010,514</b> | <b>326,794</b> | <b>329,302</b> |

**Reconciliation of profit or loss**

|                                                                  | <b>Group</b>  | <b>Company</b> |
|------------------------------------------------------------------|---------------|----------------|
|                                                                  | <b>2015</b>   | <b>2015</b>    |
|                                                                  | <b>£</b>      | <b>£</b>       |
| Profit or loss as reported under previous UK GAAP                | 81,317        | 2,508          |
| Adjustments arising from transition to FRS 102: Goodwill charges | (23,972)      | -              |
| <b>Profit or loss reported under FRS 102</b>                     | <b>57,345</b> | <b>2,508</b>   |

**Note to reconciliations on adoption of FRS 102**

**Goodwill amortisation charge increase**

On transition to FRS 102 the company has reduced the expected life of goodwill from 20 year to 10 years. As a consequence the goodwill charge for the prior year has increased by £23,972.