Registered number: 06406721

M.K.M. BUILDING SUPPLIES (SELBY) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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M.K.M. BUILDING SUPPLIES (SELBY) LIMITED

COMPANY INFORMATION

Directors	D R Kilburn M J Smith
Registered number	06406721
Registered office	Stoneferry Road Hull East Yorkshire HU8 8DE

M.K.M. BUILDING SUPPLIES (SELBY) LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Directors

The directors who served during the year were:

D R Kilburn
M J Smith

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

On 2 March 2017 shareholders of the company's ultimate controlling party, M.K.M. Building Supplies (Holdings) Limited, signed an agreement to sell a controlling stake to Bain Capital Private Equity. The transaction is subject to customary regulatory approvals and is expected to complete by May 2017.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2016

Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 24 March 2017 and signed on its behalf.

M J Smith
Director

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF M.K.M. BUILDING SUPPLIES (SELBY) LIMITED

Report on the financial statements

Our opinion

In our opinion, M.K.M. Building Supplies (Selby) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 30 September 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF M.K.M. BUILDING SUPPLIES (SELBY) LIMITED

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF M.K.M. BUILDING SUPPLIES (SELBY) LIMITED

What an audit of financial statements involves (continued)

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Peter Adams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
2 Humber Quays
Wellington Street West
Hull
East Yorkshire
HU1 2BN

29 March 2017

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 £	*2015 £*
Turnover	3	**4,536,788**	*4,152,308*
Cost of sales		**(3,074,716)**	*(2,919,515)*
Gross profit		**1,462,072**	*1,232,793*
Administrative expenses		**(985,607)**	*(941,181)*
Operating profit	4	**476,465**	*291,612*
Interest receivable and similar income	7	**2,018**	*1,110*
Profit before tax		**478,483**	*292,722*
Tax on profit on ordinary activities	8	**(98,601)**	*(63,175)*
Profit for the year		**379,882**	*229,547*

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 10 to 28 form part of these financial statements.

M.K.M. BUILDING SUPPLIES (SELBY) LIMITED
REGISTERED NUMBER: 06406721

BALANCE SHEET
AS AT 30 SEPTEMBER 2016

	Note		2016 £		*2015 £*
Intangible assets	10		**1,115**		*1,787*
Tangible Fixed Assets	11		**29,337**		*33,748*
			30,452		*35,535*
Current assets					
Stocks	12	**253,222**		*232,573*	
Debtors	13	**1,193,440**		*947,070*	
Cash at bank and in hand	14	**500**		*500*	
		1,447,162		*1,180,143*	
Creditors: amounts falling due within one year	15	**(839,863)**		*(869,292)*	
Net current assets			**607,299**		*310,851*
Total assets less current liabilities			**637,751**		*346,386*
Provisions for liabilities					
Provisions	18	**(123,077)**		*(115,498)*	
			(123,077)		*(115,498)*
Net assets			**514,674**		*230,888*
Capital and reserves					
Called up share capital	19		**20,000**		*20,000*
Profit and loss account			**494,674**		*210,888*
			514,674		*230,888*

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 March 2017.

M J Smith
Director
The notes on pages 10 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2015	**20,000**	**210,888**	**230,888**
Comprehensive income for the year			
Profit for the year	-	**379,882**	**379,882**
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	**379,882**	**379,882**
Dividends: Equity capital	-	**(96,096)**	**(96,096)**
Total transactions with owners	-	**(96,096)**	**(96,096)**
At 30 September 2016	**20,000**	**494,674**	**514,674**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2014	**20,000**	**42,196**	**62,196**
Comprehensive income for the year			
Profit for the year	-	**229,547**	**229,547**
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	**229,547**	**229,547**
Dividends: Equity capital	-	**(60,855)**	**(60,855)**
Total transactions with owners	-	**(60,855)**	**(60,855)**
At 30 September 2015	**20,000**	**210,888**	**230,888**

The notes on pages 10 to 28 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 26.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in the note 26.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

1. Accounting policies (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Turnover

Revenue comprises the fair value of consideration receivable for goods and services supplied to external customers in the ordinary course of the company's activities and excludes inter-company revenue and value added tax. In general, revenue is recognised to the extent that it is subject to reliable measurement, that it is probable that economic benefits will flow to the company and that the significant risks and rewards of ownership have passed to the buyer. This generally arises when products have either been delivered to or collected by a customer and there is no unfulfilled obligation that could affect the acceptance of the products. Revenues are recorded based on the price specified in the sales invoices/contracts net of actual returns and any discounts granted.

1. Accounting policies (continued)

1.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Software	-	3 to 5 years

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	- Between 3 and 10 years
Fixtures & fittings	- Between 3 and 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

1.6 Stock

Stocks are stated at the lower of cost and net realisable value. Cost is based on weighted average price and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimated proceeds of sale less all further costs to completion after making due allowance for obsolete and slow moving items.

1.7 Supplier arrangements

Supplier incentives, rebates and discounts are collectively referred to as supplier income. Supplier income is recognised as a deduction from cost of sales on an accruals basis based on the expected entitlement which has been earned up to the year end date for each relevant supplier contract. The accrued incentives, rebates and discounts receivable at year end are included within other receivables. Where goods on which rebate has been earned remain in inventory at the year end, an appropriate rebate deduction is made from the gross balance sheet carrying value of that inventory. The rebate deduction is only released to the profit and loss account when the goods are ultimately sold.

1. Accounting policies (continued)

1.8 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Profit and loss account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1. Accounting policies (continued)

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.13 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

1.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

1. Accounting policies (continued)

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

Supplier arrangements - supplier rebates

The value of supplier rebates included in the income statement is generally calculated by applying an agreed percentage to the gross supplier invoice price of the goods purchased. The majority of supplier rebates, are determined by reference to "guaranteed" rates of rebate, the remainder are subject to stepped targets, the net rebate percentage increasing as values or volumes purchased reach pre-agreed targets. A significant proportion of the rebate agreement are not co-terminus with the Group's year end and are on a calendar year as such caution is applied to ensure that suppler rebate income is not recognised until all the risk and rewards are guaranteed. Amounts receivable under most Supplier Arrangements are earned and settled monthly, although some agreements may also stipulate quarterly, bi-annual or annual payments ~

As a result, the key judgements made are to determine the value of rebates to be immediately recognised in the profit and loss account.

3. Turnover

The whole of the turnover is attributable to sales of building materials to third parties in the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	**11,950**	*5,168*
Amortisation of intangible assets, including goodwill	**672**	*246*

During the year, no director received any emoluments *(2015 - £NIL)*.

5. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2016	2015
	£	£
Fees for the audit of the Company	**4,005**	*3,760*
	4,005	*3,760*

The *Company* has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent *Company*.

6. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	**397,311**	*370,172*
Social security costs	**37,238**	*32,450*
Pension costs	**6,098**	*5,556*
	440,647	*408,178*

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

	2016 No.	2015 No.
Selling and distribution	**13**	*12*
Administration	**3**	*3*
	16	*15*

7. Interest receivable

	2016 £	2015 £
Other interest receivable	**2,018**	*1,110*
	2,018	*1,110*

8. Taxation

	2016 £	*2015* *£*
Corporation tax		
Current tax on profits for the year	**76,459**	*59,568*
Group taxation relief	**-**	*-*
Group Relief - current yr	**-**	*-*
	-	*-*
Total current tax	**76,459**	*59,568*
Deferred tax		
Origination and reversal of timing differences	**22,142**	*3,607*
Total deferred tax	**22,142**	*3,607*
Taxation on profit on ordinary activities	**98,601**	*63,175*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2015 - lower than)* the standard rate of corporation tax in the UK of 20% *(2015 - 20.5%)*. The differences are explained below:

	2016 £	*2015* *£*
Profit on ordinary activities before tax	**478,483**	*292,722*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.5%)	**95,697**	*60,008*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**2,838**	*3,261*
Other differences leading to an increase (decrease) in the tax charge	**66**	*(94)*
Total tax charge for the year	**98,601**	*63,175*

8. Taxation (continued)

Factors that may affect future tax charges

The Finance (No.2) Act 2015 was enacted on 18 November 2015 and included provision for a reduction in corporation tax to 19% (effective 1 April 2017). In addition the Finance Act 2016 was enacted on 15 September 2016 and this included provision for a further reduction in the corporation tax rate to 17% (from 1 April 2020). Deferred tax is therefore provided at 17%.

9. Dividends

	2016	*2015*
	£	*£*
Dividends paid £4.80p per share (2015 £3.04p per share)	**96,096**	*60,855*
	96,096	*60,855*

On 1 December 2016 the directors proposed a final dividend of £155,540, £7.78p per share

10. Intangible assets

	Software £
Cost	
At 1 October 2015	**4,415**
Disposals	**(2,382)**
At 30 September 2016	**2,033**
Amortisation	
At 1 October 2015	**2,628**
Charge for the year	**672**
On disposals	**(2,382)**
At 30 September 2016	**918**
Net book value	
At 30 September 2016	**1,115**
At 30 September 2015	*1,787*

11. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 October 2015	**125,925**	**25,324**	**151,249**
Additions	**4,204**	**3,335**	**7,539**
Disposals	**(14,243)**	**(24,209)**	**(38,452)**
At 30 September 2016	**115,886**	**4,450**	**120,336**
Depreciation			
At 1 October 2015	**93,199**	**24,302**	**117,501**
Charge for the period on owned assets	**11,325**	**625**	**11,950**
Disposals	**(14,243)**	**(24,209)**	**(38,452)**
At 30 September 2016	**90,281**	**718**	**90,999**
Net book value			
At 30 September 2016	**25,605**	**3,732**	**29,337**
At 30 September 2015	*32,726*	*1,022*	*33,748*

12. Stocks

	2016 £	2015 £
Finished goods and goods for resale	**253,222**	*232,573*
	253,222	*232,573*

Finished goods and goods for resale are stated net of accumulated impairment of £43,158 (2015: £31,754).

13. Debtors

	2016 £	2015 £
Trade debtors	**605,467**	*591,660*
Amounts owed by group undertakings	**551,738**	*274,581*
Other debtors	**611**	*35*
Prepayments and accrued income	**35,249**	*58,277*
Deferred taxation	**375**	*22,517*
	1,193,440	*947,070*

14. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	**500**	*500*
	500	*500*

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	**758,255**	*804,360*
Corporation tax	**33,371**	*29,155*
Other creditors	**9,340**	*7,474*
Accruals and deferred income	**38,897**	*28,303*
	839,863	*869,292*

16. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	**500**	*500*
Financial assets measured at amortised cost	**1,157,817**	*866,276*
	1,158,317	*866,776*
Financial liabilities		
Financial liabilities measured at amortised cost	**(797,152)**	*(832,663)*
	(797,152)	*(832,663)*

17. Deferred taxation

	2016 £	2015 £
At beginning of year	**22,517**	*26,124*
Charged to profit or loss	**(22,142)**	*(3,607)*
At end of year	**375**	*22,517*

17. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2016 £	*2015 £*
Accelerated capital allowances	**375**	*(583)*
Other timing differences	**-**	*23,100*
	375	*22,517*

18. Provisions

	Future minimum rent increases £
At 1 October 2015	**115,498**
Charged to profit or loss	**7,579**
At 30 September 2016	**123,077**

19. Share capital

	2016 £	*2015 £*
Shares classified as equity		
Authorised, allotted, called up and fully paid		
20,000 Called up capital shares of £1 each	**20,000**	*20,000*

20. Contingent liabilities

The company's principal bankers have committed facilities secured by fixed and floating charges over the assets of the Company.

The company has entered into an omnibus guarantee set off arrangement with other Group undertaking in respect of bank borrowings, which total £14,000,000 (2015 - £15,375,000).

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £6,097 (2015 - £5,556). Contributions totalling £Nil (2015 - £Nil).

22. Commitments under operating leases

At 30 September 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and Buildings		
Not later than 1 year	**132,490**	*132,490*
Later than 1 year and not later than 5 years	**571,327**	*557,537*
Later than 5 years	**1,100,077**	*1,246,357*
	1,803,894	*1,936,384*

	2016 £	2015 £
Other		
Not later than 1 year	**47,152**	*56,219*
Later than 1 year and not later than 5 years	**179,010**	*181,409*
Later than 5 years	**13,053**	*57,805*
	239,215	*295,433*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

23. Related party transactions

During the year shareholders made purchases from the company, on terms no better than available to all employees, and had amounts outstanding at the year end as follows. In addition, a management charge was made from the companies immediate parent:

	2016 Purchases Mgt charge £	2016 Balance £	2015 Purchases/ Mgt charge £	2015 Balance £
Kevin Main	448	238	2,246	440
Amounts owed from M.K.M. Building Supplies Limited	-	551,738	-	274,581
Management charge from M.K.M. Building Supplies Ltd	104,906	-	95,797	-

No provisions or write off to these balances has been made during the year (2015 - £Nil). The company holds no bank accounts. All transactions which are cash settled are made on the company's behalf by its immediate parent, M.K.M. Building Supplies Limited, with an associated balance due to or from M.K.M. Building Supplies Limited being recognised in the company.

24. Post balance sheet events

On 2 March 2017 shareholders of the company's ultimate controlling party, M.K.M. Building Supplies (Holdings) Limited, signed an agreement to sell a controlling stake to Bain Capital Private Equity. The transaction is subject to customary regulatory approvals and is expected to complete by May 2017.

25. Controlling party

The parent undertaking of the largest group of undertakings for which consolidated group financial statements were drawn up and of which M.K.M. Building Supplies (Selby) Limited was a member, was M.K.M. Building Supplies (Holdings) Limited incorporated in England. The parent undertaking of the smallest such group was M.K.M. Building Supplies Limited, incorporated in England. M.K.M. Building Supplies Limited is also the immediate parent undertaking.

Publicly available financial statements for the parent company may be obtained from:

Stoneferry Road
Hull
HU8 8DE

26. First time adoption of FRS 101

The Company transitioned to FRS 101 from previously extant UK GAAP as at 1 October 2014. The impact of the transition to FRS 101 is as follows:

Reconciliation of equity at 1 October 2014

	Note	£
Equity at 1 October 2014 under previous UK GAAP		**148,531**
Property lease alignment		**(107,919)**
Taxation		**21,584**
Equity shareholders funds at 1 October 2014 under FRS 101		**62,196**

Reconciliation of equity at 30 September 2015

	Note	£
Equity at 30 September 2015 under previous UK GAAP		**323,286**
Property lease alignment		**(115,498)**
Taxation		**23,100**
Equity shareholders funds at 30 September 2015 under FRS 101		**230,888**

Reconciliation of profit and loss account for the year ended 30 September 2015

	£
Profit for the year under previous UK GAAP	**235,610**
The whole of the turnover is attributable to sales of building materials to third parties in the United Kingdom.	**(7,579)**
Taxation	**1,516**
Profit for the year ended 30 September 2015 under FRS 101	**229;547**

26. First time adoption of FRS 101 (continued)

The following were changes in accounting policies arising from the transition to FRS 101:

1 Property lease alignment

Under previous UK GAAP, all lease incentives were recognised as a reduction of rental expenses with the benefit being allocated over the shorter of the lease term and a period ending on a date from which is it expected that the prevailing market rental will be payable (i.e. break clause). Under EU-IFRS, the aggregate incentive is still recognised as a reduction of rental expense however, the benefit is required to be allocated over the full lease term (i.e. market rent reviews are ignored).