

Company Registration No. 08028721 (England and Wales)

**SP MACBETH 5 LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

FRIDAY



\*A6GII4YJ\*

A07

06/10/2017

#276

COMPANIES HOUSE

# SP MACBETH 5 LTD

## COMPANY INFORMATION

---

|                          |                                                                                         |
|--------------------------|-----------------------------------------------------------------------------------------|
| <b>Directors</b>         | T Brain<br>T Hamlett<br>P Cuthill                                                       |
| <b>Secretary</b>         | Mr T Brain                                                                              |
| <b>Company number</b>    | 08028721                                                                                |
| <b>Registered office</b> | Unit 3 Shepperton Business Park<br>Govett Avenue<br>Shepperton<br>Middlesex<br>TW17 8BA |
| <b>Auditor</b>           | Jacob Cavenagh & Skeet<br>5 Robin Hood Lane<br>Sutton<br>Surrey<br>SM1 2SW              |

---

# **SP MACBETH 5 LTD**

## **CONTENTS**

---

|                                        | <b>Page</b> |
|----------------------------------------|-------------|
| Strategic report                       | 1           |
| Directors' report                      | 2 - 3       |
| Independent auditor's report           | 4 - 5       |
| Statement of comprehensive income      | 6           |
| Group balance sheet                    | 7           |
| Company balance sheet                  | 8           |
| Group statement of changes in equity   | 9           |
| Company statement of changes in equity | 10          |
| Group statement of cash flows          | 11          |
| Notes to the financial statements      | 12 - 26     |

---

# **SP MACBETH 5 LTD**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 MARCH 2017***

---

The directors present the strategic report for the year ended 31 March 2017.

### **Fair review of the business**

The directors are pleased to report that the group continues to trade at acceptable profit levels and reports an increase in turnover of 10.6% over the whole group despite the difficult trading conditions in the year. The business has maintained its margins and overall Gross Profit has increased 19.9%.

The business has identified 3 key areas in which it faces some form of exposure but has taken steps to minimise each case.

- Exposure to exchange rates in its foreign activities has been addressed by the business both buying and selling in the three major currencies: Sterling, Euros and US Dollars. Activities have meant that it holds cash balances in each of these currencies thus alleviating any major changes to exchange rates.
- The market in which the business operates is finite and to address this, the business continues to develop its product portfolio to offer more and more to its customers.
- The business has identified that there is a shortage of staff with the right level of skills on the market and to address this it has commenced a program of recruiting staff and putting them through "apprentice" style training courses to ensure that the correct skill levels are reached.

The business's principal financial instruments comprise of bank balances, stock, trade debtors and trade creditors. The purpose of these financial instruments is to finance the business's operations.

Bank balances are held in such a way as to minimise interest and charges paid.

Trade debtors are controlled using a very strict credit control program to minimise the risk of bad debts and to ensure that there is enough liquidity in the business to pay its trade creditors.

On behalf of the board



T Brain  
**Director**  
9 August 2017

# **SP MACBETH 5 LTD**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 MARCH 2017***

---

The directors present their annual report and financial statements for the year ended 31 March 2017.

### **Principal activities**

The group acts as distributors, dealers and wholesalers of bearings and other products to the engineering industry.

### **Directors**

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

T Brain  
T Hamlett  
P Cuthill

### **Results and dividends**

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

Ordinary dividends were paid amounting to £342,000. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

### **Auditor**

The auditor, Jacob Cavenagh & Skeet, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **SP MACBETH 5 LTD**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2017***

---

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



T Brain

**Director**

9 August 2017

# **SP MACBETH 5 LTD**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SP MACBETH 5 LTD**

---

We have audited the financial statements of SP Macbeth 5 Ltd for the year ended 31 March 2017 set out on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# **SP MACBETH 5 LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SP MACBETH 5 LTD**

---

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept 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.



**Paul Newton FCA (Senior Statutory Auditor)  
for and on behalf of Jacob Cavenagh & Skeet**

**Chartered Accountants  
Statutory Auditor**

20/9/2017

5 Robin Hood Lane  
Sutton  
Surrey  
SM1 2SW

# SP MACBETH 5 LTD

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

|                                        | Notes    | 2017<br>£        | 2016<br>£        |
|----------------------------------------|----------|------------------|------------------|
| Turnover                               |          | 17,477,891       | 15,806,827       |
| Cost of sales                          |          | (10,545,570)     | (10,027,481)     |
| <b>Gross profit</b>                    |          | <b>6,932,321</b> | <b>5,779,346</b> |
| Administrative expenses                |          | (3,225,732)      | (2,942,682)      |
| <b>Operating profit</b>                | <b>3</b> | <b>3,706,589</b> | <b>2,836,664</b> |
| Interest receivable and similar income | <b>7</b> | <b>595</b>       | <b>469</b>       |
| Interest payable and similar expenses  | <b>8</b> | <b>(67,200)</b>  | <b>(130,279)</b> |
| <b>Profit before taxation</b>          |          | <b>3,639,984</b> | <b>2,706,854</b> |
| Taxation                               | <b>9</b> | <b>(771,179)</b> | <b>(586,976)</b> |
| <b>Profit for the financial year</b>   |          | <b>2,868,805</b> | <b>2,119,878</b> |

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# SP MACBETH 5 LTD

## GROUP BALANCE SHEET

AS AT 31 MARCH 2017

|                                                                | Notes | 2017<br>£          | £                  | 2016<br>£        | £ |
|----------------------------------------------------------------|-------|--------------------|--------------------|------------------|---|
| <b>Fixed assets</b>                                            |       |                    |                    |                  |   |
| Goodwill                                                       | 11    | 828,739            |                    | 994,487          |   |
| Tangible assets                                                | 12    | 111,724            |                    | 203,654          |   |
|                                                                |       | <u>940,463</u>     |                    | <u>1,198,141</u> |   |
| <b>Current assets</b>                                          |       |                    |                    |                  |   |
| Stocks                                                         | 16    | 6,160,758          | 6,063,519          |                  |   |
| Debtors                                                        | 17    | 4,296,122          | 3,844,983          |                  |   |
| Cash at bank and in hand                                       |       | 737,969            | 208,416            |                  |   |
|                                                                |       | <u>11,194,849</u>  | <u>10,116,918</u>  |                  |   |
| <b>Creditors: amounts falling due within one year</b>          | 18    | <u>(3,700,111)</u> | <u>(4,625,399)</u> |                  |   |
| <b>Net current assets</b>                                      |       | <u>7,494,738</u>   |                    | <u>5,491,519</u> |   |
| <b>Total assets less current liabilities</b>                   |       | <u>8,435,201</u>   |                    | <u>6,689,660</u> |   |
| <b>Creditors: amounts falling due after more than one year</b> | 19    | -                  |                    | (764,274)        |   |
| <b>Provisions for liabilities</b>                              | 20    | (15,954)           |                    | (32,944)         |   |
| <b>Net assets</b>                                              |       | <u>8,419,247</u>   |                    | <u>5,892,442</u> |   |
| <b>Capital and reserves</b>                                    |       |                    |                    |                  |   |
| Called up share capital                                        | 22    | 1,018,934          | 1,018,934          |                  |   |
| Share premium account                                          |       | 150,674            | 150,674            |                  |   |
| Profit and loss reserves                                       |       | 7,249,639          | 4,722,834          |                  |   |
| <b>Total equity</b>                                            |       | <u>8,419,247</u>   |                    | <u>5,892,442</u> |   |

The financial statements were approved by the board of directors and authorised for issue on 9 August 2017 and are signed on its behalf by:



T Brain  
Director

# SP MACBETH 5 LTD

## COMPANY BALANCE SHEET AS AT 31 MARCH 2017

|                                                                | Notes | 2017<br>£          | £ | 2016<br>£          | £ |
|----------------------------------------------------------------|-------|--------------------|---|--------------------|---|
| <b>Fixed assets</b>                                            |       |                    |   |                    |   |
| Investments                                                    | 13    | 5,234,245          |   | 5,234,245          |   |
| <b>Current assets</b>                                          |       |                    |   |                    |   |
| Debtors                                                        | 17    | 34,051             |   | 40,642             |   |
| Cash at bank and in hand                                       |       | 3,454              |   | 3,801              |   |
|                                                                |       | <u>37,505</u>      |   | <u>44,443</u>      |   |
| <b>Creditors: amounts falling due within one year</b>          | 18    | <u>(4,086,259)</u> |   | <u>(3,330,075)</u> |   |
| <b>Net current liabilities</b>                                 |       | <u>(4,048,754)</u> |   | <u>(3,285,632)</u> |   |
| <b>Total assets less current liabilities</b>                   |       | <u>1,185,491</u>   |   | <u>1,948,613</u>   |   |
| <b>Creditors: amounts falling due after more than one year</b> | 19    |                    | - | (764,274)          |   |
| <b>Net assets</b>                                              |       | <u>1,185,491</u>   |   | <u>1,184,339</u>   |   |
| <b>Capital and reserves</b>                                    |       |                    |   |                    |   |
| Called up share capital                                        | 22    | 1,018,934          |   | 1,018,934          |   |
| Share premium account                                          |       | 150,674            |   | 150,674            |   |
| Profit and loss reserves                                       |       | 15,883             |   | 14,731             |   |
| <b>Total equity</b>                                            |       | <u>1,185,491</u>   |   | <u>1,184,339</u>   |   |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £343,152 (2016 - £298,759 profit).

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 9 August 2017 and are signed on its behalf by:



T Brain  
Director

Company Registration No. 08028721

# SP MACBETH 5 LTD

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

|                                                    | Notes | Share capital<br>£ | Share premium account<br>£ | Profit and loss reserves<br>£ | Total<br>£       |
|----------------------------------------------------|-------|--------------------|----------------------------|-------------------------------|------------------|
| <b>Balance at 1 April 2015</b>                     |       | 1,018,934          | 150,674                    | 2,914,956                     | 4,084,564        |
| <b>Year ended 31 March 2016:</b>                   |       |                    |                            |                               |                  |
| Profit and total comprehensive income for the year |       | -                  | -                          | 2,119,878                     | 2,119,878        |
| Dividends                                          | 10    | -                  | -                          | (312,000)                     | (312,000)        |
| <b>Balance at 31 March 2016</b>                    |       | 1,018,934          | 150,674                    | 4,722,834                     | 5,892,442        |
| <b>Year ended 31 March 2017:</b>                   |       |                    |                            |                               |                  |
| Profit and total comprehensive income for the year |       | -                  | -                          | 2,868,805                     | 2,868,805        |
| Dividends                                          | 10    | -                  | -                          | (342,000)                     | (342,000)        |
| <b>Balance at 31 March 2017</b>                    |       | <u>1,018,934</u>   | <u>150,674</u>             | <u>7,249,639</u>              | <u>8,419,247</u> |

# SP MACBETH 5 LTD

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

|                                                    | Notes | Share capital<br>£ | Share premium account<br>£ | Profit and loss reserves<br>£ | Total<br>£ |
|----------------------------------------------------|-------|--------------------|----------------------------|-------------------------------|------------|
| <b>Balance at 1 April 2015</b>                     |       | 1,018,934          | 150,674                    | 27,972                        | 1,197,580  |
| <b>Year ended 31 March 2016:</b>                   |       |                    |                            |                               |            |
| Profit and total comprehensive income for the year |       | -                  | -                          | 298,759                       | 298,759    |
| Dividends                                          | 10    | -                  | -                          | (312,000)                     | (312,000)  |
| <b>Balance at 31 March 2016</b>                    |       | 1,018,934          | 150,674                    | 14,731                        | 1,184,339  |
| <b>Year ended 31 March 2017:</b>                   |       |                    |                            |                               |            |
| Profit and total comprehensive income for the year |       | -                  | -                          | 343,152                       | 343,152    |
| Dividends                                          | 10    | -                  | -                          | (342,000)                     | (342,000)  |
| <b>Balance at 31 March 2017</b>                    |       | 1,018,934          | 150,674                    | 15,883                        | 1,185,491  |

# SP MACBETH 5 LTD

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

|                                                             | Notes | 2017<br>£          | £ | 2016<br>£          | £ |
|-------------------------------------------------------------|-------|--------------------|---|--------------------|---|
| <b>Cash flows from operating activities</b>                 |       |                    |   |                    |   |
| Cash generated from operations                              | 26    | 2,977,652          |   | 1,958,183          |   |
| Interest paid                                               |       | (67,200)           |   | (130,279)          |   |
| Income taxes paid                                           |       | (582,644)          |   | (528,610)          |   |
| <b>Net cash inflow from operating activities</b>            |       | <b>2,327,808</b>   |   | <b>1,299,294</b>   |   |
| <b>Investing activities</b>                                 |       |                    |   |                    |   |
| Purchase of tangible fixed assets                           |       | (39,461)           |   | (153,821)          |   |
| Proceeds on disposal of tangible fixed assets               |       | 2,365              |   | -                  |   |
| Interest received                                           |       | 595                |   | 469                |   |
| <b>Net cash used in investing activities</b>                |       | <b>(36,501)</b>    |   | <b>(153,352)</b>   |   |
| <b>Financing activities</b>                                 |       |                    |   |                    |   |
| Repayment of borrowings                                     |       | (1,419,754)        |   | (835,505)          |   |
| Dividends paid to equity shareholders                       |       | (342,000)          |   | (312,000)          |   |
| <b>Net cash used in financing activities</b>                |       | <b>(1,761,754)</b> |   | <b>(1,147,505)</b> |   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <b>529,553</b>     |   | <b>(1,563)</b>     |   |
| Cash and cash equivalents at beginning of year              |       | 208,416            |   | 209,979            |   |
| <b>Cash and cash equivalents at end of year</b>             |       | <b>737,969</b>     |   | <b>208,416</b>     |   |

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

#### Company information

SP Macbeth 5 Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 3 Shepperton Business Park, Govett Avenue, Shepperton, Middlesex, TW17 8BA.

The group consists of SP Macbeth 5 Ltd and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2017**

---

### **1 Accounting policies**

**(Continued)**

The consolidated financial statements incorporate those of SP Macbeth 5 Ltd and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **1.3 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.

#### **1.4 Turnover**

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

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

#### **1.5 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business 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.

#### **1.6 Tangible fixed assets**

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

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

|                                |                                 |
|--------------------------------|---------------------------------|
| Land and buildings Leasehold   | over lease term of 7 years      |
| Plant and machinery            | at individual rates up to 33.3% |
| Fixtures, fittings & equipment | over 6 years                    |
| Computer equipment             | over 5 years                    |

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 recognised in the profit and loss account.

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

(Continued)

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and 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.

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

(Continued)

#### 1.10 Cash and cash equivalents

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

#### 1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **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.

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 group 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 group after deducting all of its liabilities.

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Derecognition of financial liabilities***

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

#### **1.12 Equity instruments**

Equity instruments issued by the group 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 group.

#### **1.13 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group'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 if, and only if, there is 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.

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

(Continued)

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

#### 1.15 Retirement benefits

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

#### 1.16 Leases

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.

#### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 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.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Stock

Stock is valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and stock loss trends.

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 3 Operating profit

|                                                                     | 2017<br>£         | 2016<br>£         |
|---------------------------------------------------------------------|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting): |                   |                   |
| Exchange (gains)/losses                                             | (49,972)          | 1,390             |
| Depreciation of owned tangible fixed assets                         | 35,751            | 31,260            |
| Loss on disposal of tangible fixed assets                           | 93,275            | -                 |
| Amortisation of intangible assets                                   | 165,748           | 165,748           |
| Cost of stocks recognised as an expense                             | 9,980,441         | 9,531,925         |
| Operating lease charges                                             | 80,600            | 79,123            |
|                                                                     | <u>          </u> | <u>          </u> |

### 4 Auditor's remuneration

|                                                                 | 2017<br>£         | 2016<br>£         |
|-----------------------------------------------------------------|-------------------|-------------------|
| Fees payable to the company's auditor and associates:           |                   |                   |
| <b>For audit services</b>                                       |                   |                   |
| Audit of the financial statements of the group and company      | 2,820             | 2,650             |
| Audit of the financial statements of the company's subsidiaries | 14,480            | 14,350            |
|                                                                 | <u>          </u> | <u>          </u> |
|                                                                 | 17,300            | 17,000            |
|                                                                 | <u>          </u> | <u>          </u> |

### 5 Employees

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

|                        | 2017<br>Number    | 2016<br>Number    |
|------------------------|-------------------|-------------------|
| Office and management  | 14                | 11                |
| Sales and distribution | 36                | 39                |
|                        | <u>          </u> | <u>          </u> |
|                        | 50                | 50                |
|                        | <u>          </u> | <u>          </u> |
| Wages and salaries     | 1,693,698         | 1,581,582         |
| Social security costs  | 165,294           | 150,520           |
| Pension costs          | 23,734            | 24,612            |
|                        | <u>          </u> | <u>          </u> |
|                        | 1,882,726         | 1,756,714         |
|                        | <u>          </u> | <u>          </u> |

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 6 Directors' remuneration

|                                                               | 2017<br>£      | 2016<br>£      |
|---------------------------------------------------------------|----------------|----------------|
| Remuneration for qualifying services                          | 252,004        | 244,533        |
| Company pension contributions to defined contribution schemes | 13,882         | 13,882         |
|                                                               | <u>265,886</u> | <u>258,415</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

|                                                               | 2017<br>£      | 2016<br>£      |
|---------------------------------------------------------------|----------------|----------------|
| Remuneration for qualifying services                          | 141,356        | 144,717        |
| Company pension contributions to defined contribution schemes | 12,500         | 12,500         |
|                                                               | <u>153,856</u> | <u>157,217</u> |

### 7 Interest receivable and similar income

|                       | 2017<br>£  | 2016<br>£  |
|-----------------------|------------|------------|
| Interest income       |            |            |
| Other interest income | 595        | 469        |
|                       | <u>595</u> | <u>469</u> |

### 8 Interest payable and similar expenses

|                                                                      | 2017<br>£     | 2016<br>£      |
|----------------------------------------------------------------------|---------------|----------------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |               |                |
| Interest on bank overdrafts and loans                                | 16,984        | 41,951         |
| Other interest on financial liabilities                              | 50,216        | 79,870         |
|                                                                      | <u>67,200</u> | <u>121,821</u> |
| <b>Other finance costs:</b>                                          |               |                |
| Other interest                                                       | -             | 8,458          |
|                                                                      | <u>-</u>      | <u>8,458</u>   |
| Total finance costs                                                  | <u>67,200</u> | <u>130,279</u> |

### 9 Taxation

|                                                      | 2017<br>£      | 2016<br>£      |
|------------------------------------------------------|----------------|----------------|
| <b>Current tax</b>                                   |                |                |
| UK corporation tax on profits for the current period | 786,847        | 561,322        |
| Adjustments in respect of prior periods              | 1,322          | -              |
|                                                      | <u>788,169</u> | <u>561,322</u> |

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 9 Taxation (Continued)

#### Deferred tax

|                                                |                   |                   |
|------------------------------------------------|-------------------|-------------------|
| Origination and reversal of timing differences | (16,990)          | 25,654            |
|                                                | <u>          </u> | <u>          </u> |
| Total tax charge                               | 771,179           | 586,976           |
|                                                | <u>          </u> | <u>          </u> |

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

|                                                                                                      | 2017<br>£         | 2016<br>£         |
|------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Profit before taxation                                                                               | 3,639,984         | 2,706,854         |
|                                                                                                      | <u>          </u> | <u>          </u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%) | 727,997           | 541,371           |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 41,850            | 45,953            |
| Adjustments in respect of prior years                                                                | 1,322             | -                 |
| Permanent capital allowances in excess of depreciation                                               | 17,000            | (26,002)          |
| Origination and reversal of timing differences                                                       | (16,990)          | 25,654            |
|                                                                                                      | <u>          </u> | <u>          </u> |
| Taxation charge for the year                                                                         | 771,179           | 586,976           |
|                                                                                                      | <u>          </u> | <u>          </u> |

### 10 Dividends

|              | 2017<br>£         | 2016<br>£         |
|--------------|-------------------|-------------------|
| Interim paid | 342,000           | 312,000           |
|              | <u>          </u> | <u>          </u> |

### 11 Intangible fixed assets

| Group                             | Goodwill<br>£     |
|-----------------------------------|-------------------|
| Cost                              |                   |
| At 1 April 2016 and 31 March 2017 | 1,657,479         |
|                                   | <u>          </u> |
| Amortisation and impairment       |                   |
| At 1 April 2016                   | 662,992           |
| Amortisation charged for the year | 165,748           |
|                                   | <u>          </u> |
| At 31 March 2017                  | 828,740           |
|                                   | <u>          </u> |

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 11 Intangible fixed assets

(Continued)

#### Carrying amount

At 31 March 2017

**828,739**

At 31 March 2016

**994,487**

The company had no intangible fixed assets at 31 March 2017 or 31 March 2016.

### 12 Tangible fixed assets

| Group                              | Land and<br>buildings<br>Leasehold | Plant and<br>machinery | Fixtures,<br>fittings &<br>equipment | Computer<br>equipment | Total     |
|------------------------------------|------------------------------------|------------------------|--------------------------------------|-----------------------|-----------|
|                                    | £                                  | £                      | £                                    | £                     | £         |
| <b>Cost</b>                        |                                    |                        |                                      |                       |           |
| At 1 April 2016                    | 137,312                            | 647,040                | 666,801                              | 27,553                | 1,478,706 |
| Additions                          | -                                  | 39,301                 | 160                                  | -                     | 39,461    |
| Disposals                          | -                                  | (95,640)               | -                                    | -                     | (95,640)  |
| At 31 March 2017                   | 137,312                            | 590,701                | 666,961                              | 27,553                | 1,422,527 |
| <b>Depreciation and impairment</b> |                                    |                        |                                      |                       |           |
| At 1 April 2016                    | 115,034                            | 483,869                | 653,096                              | 23,053                | 1,275,052 |
| Depreciation charged in the year   | 6,538                              | 24,742                 | 3,871                                | 600                   | 35,751    |
| At 31 March 2017                   | 121,572                            | 508,611                | 656,967                              | 23,653                | 1,310,803 |
| <b>Carrying amount</b>             |                                    |                        |                                      |                       |           |
| At 31 March 2017                   | 15,740                             | 82,090                 | 9,994                                | 3,900                 | 111,724   |
| At 31 March 2016                   | 22,278                             | 163,171                | 13,705                               | 4,500                 | 203,654   |

The company had no tangible fixed assets assets at 31 March 2017 or 31 March 2016.

### 13 Fixed asset investments

|                             | Notes | Group<br>2017<br>£ | 2016<br>£ | Company<br>2017<br>£ | 2016<br>£ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 14    | -                  | -         | 5,234,245            | 5,234,245 |

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 13 Fixed asset investments (Continued)

#### Movements in fixed asset investments Company

Shares in  
group  
undertakings  
£

#### Cost or valuation

At 1 April 2016 and 31 March 2017

5,234,245

#### Carrying amount

At 31 March 2017

5,234,245

At 31 March 2016

5,234,245

### 14 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

| Name of undertaking                   | Nature of business                     | Class of shareholding | % Held |
|---------------------------------------|----------------------------------------|-----------------------|--------|
| Godiva Bearings Group Ltd             | Holding company                        | Ordinary              | 100.00 |
| Godiva Bearings Ltd                   | Holding company                        | Ordinary              | 100.00 |
| Godiva Bearings (Southern) Ltd        | Distribution and wholesale of business | Ordinary              | 100.00 |
| Autosport Bearings and Components Ltd | Distribution and wholesale of business | Ordinary              | 100.00 |
| Disc Springs and Components Ltd       | Dormant                                | Ordinary              | 100.00 |

The subsidiaries are all included in the consolidated accounts and have their registered office at Unit 3, Shepperton Business Park, Govett Avenue, Shepperton, Middlesex, TW17 8BA.

### 15 Financial instruments

|                                                 | Group<br>2017<br>£ | 2016<br>£ | Company<br>2017<br>£ | 2016<br>£ |
|-------------------------------------------------|--------------------|-----------|----------------------|-----------|
| <b>Carrying amount of financial assets</b>      |                    |           |                      |           |
| Debt instruments measured at amortised cost     | 4,117,228          | 3,664,901 | -                    | -         |
| <b>Carrying amount of financial liabilities</b> |                    |           |                      |           |
| Measured at amortised cost                      | 3,059,163          | 4,940,198 | 4,086,259            | 4,094,349 |

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 16 Stocks

|                                     | Group<br>2017<br>£ | 2016<br>£ | Company<br>2017<br>£ | 2016<br>£ |
|-------------------------------------|--------------------|-----------|----------------------|-----------|
| Finished goods and goods for resale | <b>6,160,758</b>   | 6,063,519 | -                    | -         |

The stock is pledged as security for borrowings under the factoring arrangements.

### 17 Debtors

|                                             | Group<br>2017<br>£ | 2016<br>£ | Company<br>2017<br>£ | 2016<br>£ |
|---------------------------------------------|--------------------|-----------|----------------------|-----------|
| <b>Amounts falling due within one year:</b> |                    |           |                      |           |
| Trade debtors                               | <b>4,087,246</b>   | 3,647,858 | -                    | -         |
| Other debtors                               | <b>29,982</b>      | 17,043    | -                    | -         |
| Prepayments and accrued income              | <b>178,894</b>     | 180,082   | <b>34,051</b>        | 40,642    |
|                                             | <b>4,296,122</b>   | 3,844,983 | <b>34,051</b>        | 40,642    |

### 18 Creditors: amounts falling due within one year

| Notes                              | Group<br>2017<br>£ | 2016<br>£ | Company<br>2017<br>£ | 2016<br>£ |
|------------------------------------|--------------------|-----------|----------------------|-----------|
| Other borrowings                   | -                  | 1,419,754 | -                    | -         |
| Trade creditors                    | <b>1,810,497</b>   | 1,634,989 | -                    | -         |
| Amounts due to group undertakings  | -                  | -         | <b>3,274,360</b>     | 2,551,544 |
| Corporation tax payable            | <b>496,847</b>     | 291,322   | -                    | -         |
| Other taxation and social security | <b>144,101</b>     | 158,153   | -                    | -         |
| Other creditors                    | <b>918,263</b>     | 830,711   | <b>807,899</b>       | 774,581   |
| Accruals and deferred income       | <b>330,403</b>     | 290,470   | <b>4,000</b>         | 3,950     |
|                                    | <b>3,700,111</b>   | 4,625,399 | <b>4,086,259</b>     | 3,330,075 |

### 19 Creditors: amounts falling due after more than one year

|                 | Group<br>2017<br>£ | 2016<br>£ | Company<br>2017<br>£ | 2016<br>£ |
|-----------------|--------------------|-----------|----------------------|-----------|
| Other creditors | -                  | 764,274   | -                    | 764,274   |

The other creditors are secured by a fixed and floating charge over the assets of the company and its subsidiaries.

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|                                | Liabilities<br>2017<br>£ | Liabilities<br>2016<br>£ |
|--------------------------------|--------------------------|--------------------------|
| <b>Group</b>                   |                          |                          |
| Accelerated capital allowances | <u>15,954</u>            | <u>32,944</u>            |

The company has no deferred tax assets or liabilities.

|                               | Group<br>2017<br>£ | Company<br>2017<br>£ |
|-------------------------------|--------------------|----------------------|
| <b>Movements in the year:</b> |                    |                      |
| Liability at 1 April 2016     | 32,944             | -                    |
| Credit to profit or loss      | (16,990)           |                      |
| Liability at 31 March 2017    | <u>15,954</u>      | <u>-</u>             |

£6,000 of the deferred tax liability is expected to reverse in the next 12 months as the accelerated capital allowances unwind.

### 21 Retirement benefit schemes

|                                                                     | 2017<br>£     | 2016<br>£     |
|---------------------------------------------------------------------|---------------|---------------|
| <b>Defined contribution schemes</b>                                 |               |               |
| Charge to profit or loss in respect of defined contribution schemes | <u>23,734</u> | <u>24,612</u> |

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

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 22 Share capital

|                                 | Group and company |                  |
|---------------------------------|-------------------|------------------|
|                                 | 2017              | 2016             |
|                                 | £                 | £                |
| <b>Ordinary share capital</b>   |                   |                  |
| <b>Issued and fully paid</b>    |                   |                  |
| 10,000 Ordinary A of £1 each    | 10,000            | 10,000           |
| 3 Ordinary B of £1 each         | 3                 | 3                |
|                                 | <u>10,003</u>     | <u>10,003</u>    |
| <b>Preference share capital</b> |                   |                  |
| <b>Issued and fully paid</b>    |                   |                  |
| 1,008,931 Preference of £1 each | 1,008,931         | 1,008,931        |
|                                 | <u>1,008,931</u>  | <u>1,008,931</u> |

The A ordinary shares entitle the holder to one vote per share and to participate in dividends. The B ordinary shares have no voting rights but do participate in dividends. The preference shares have no voting rights and do not participate in dividends. On a share sale or winding up the preference shares have priority over the B shares which have priority over the A shares.

### 23 Operating lease commitments

#### Lessee

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

|                            | Group          |                  | Company  |          |
|----------------------------|----------------|------------------|----------|----------|
|                            | 2017           | 2016             | 2017     | 2016     |
|                            | £              | £                | £        | £        |
| Within one year            | 234,236        | 248,192          | -        | -        |
| Between two and five years | 598,289        | 709,868          | -        | -        |
| In over five years         | 142,241        | 203,476          | -        | -        |
|                            | <u>974,766</u> | <u>1,161,536</u> | <u>-</u> | <u>-</u> |

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

|                        | 2017           | 2016           |
|------------------------|----------------|----------------|
|                        | £              | £              |
| Aggregate compensation | <u>265,886</u> | <u>258,415</u> |

# SP MACBETH 5 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

---

### 25 Directors' transactions

Dividends totalling £342,000 (2016 - £312,000) were paid in the year in respect of shares held by the company's directors.

### 26 Cash generated from group operations

|                                                      | 2017<br>£        | 2016<br>£        |
|------------------------------------------------------|------------------|------------------|
| Profit for the year after tax                        | 2,868,805        | 2,119,878        |
| Adjustments for:                                     |                  |                  |
| Taxation charged                                     | 771,179          | 586,976          |
| Finance costs                                        | 67,200           | 130,279          |
| Investment income                                    | (595)            | (469)            |
| Loss on disposal of tangible fixed assets            | 93,275           | -                |
| Amortisation and impairment of intangible assets     | 165,748          | 165,748          |
| Depreciation and impairment of tangible fixed assets | 35,751           | 31,260           |
| Movements in working capital:                        |                  |                  |
| (Increase) in stocks                                 | (97,239)         | (660,557)        |
| (Increase)/decrease in debtors                       | (451,139)        | 137,805          |
| (Decrease) in creditors                              | (475,333)        | (552,737)        |
| <b>Cash generated from operations</b>                | <b>2,977,652</b> | <b>1,958,183</b> |