

Company Registration No. 08786708 (England and Wales)

GIBBS GILLESPIE SALES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

WEDNESDAY



.A15 *A7F9TLPS*
26/09/2018 #135
COMPANIES HOUSE

GIBBS GILLESPIE SALES LIMITED

COMPANY INFORMATION

Directors	P J Gillespie J G Gibbs R W Gibbs
Company number	08786708
Registered office	Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE
Auditor	Mercer & Hole Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE
Business address	Chapel Lane Chambers 1 Chapel Lane Pinner Middlesex HA5 1AA

GIBBS GILLESPIE SALES LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 23

GIBBS GILLESPIE SALES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Fair review of the business

Financial position at the reporting date

The balance sheet shows that the company's net assets at the year end were £1,084,117 (2016 - £888,277).

The company generated cash from operations of £735,699 (2016 - £785,968) and has invested £34,201 (2016 - £35,137) in fixed assets.

Development and performance

As reported in the company's profit and loss account, turnover amounted to £5,522,606 which is an increase of 0.44% on the prior year of £5,498,410.

Profit before tax and deduction of amortisation of goodwill is £682,735 (2016 - £647,898).

The directors are satisfied with the results for the year given the difficult market conditions. The housing market is suffering with government taxation policies on stamp duty land tax and buy to let investors and with the continuing uncertainty with Brexit.

The company has continued its strategy on growth and area coverage by opening a new branch in Stanmore during 2017 and Amersham in 2018.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The KPIs used to determine the progress and performance of the company are set out below:

Turnover

Turnover has increased by 0.44% compared to 2016.

Salaries to turnover

The total salaries cost (excluding pension, social security costs and directors' costs) amounted to 46.1% of turnover which is an decrease of 0.8 percentage points on the prior years ratio of 46.9%.

Advertising to turnover

The total advertising cost was 10.1% of turnover which is lower than the previous years ratio of 11%.

GIBBS GILLESPIE SALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Principal risks and uncertainties

Management continually monitor the key risks facing the company, together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the company are as follows:

Economy

The short-term strategy is to position the company appropriately for current levels of activity whilst preparing for opportunities in the future.

Legislative

The company has systems and procedures in place to ensure compliance with, and to manage, the impact of changes in Government and NAEA legislation.

Financial and Liquidity

The company's forecasts and projections show that the company should be able to operate within its current facilities for a period of at least the next 12 months. Management continues to monitor and control working capital and capital expenditure requirements very closely.

Competitor pressure

The market in which the company operates is considered to be extremely competitive, and therefore competitor pressure could result in losing sales to key competitors. The company manages this risk by providing a very high level of client service.

Loss of key personnel

This could present operational difficulties for the company. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

Other information and explanations

Strategy & Future Developments

The objective of the company is to achieve profitable growth and a sustainable business by capitalising on its reputation and regional presence. We aim to achieve this through:

- Strong brand recognition and the reputation attached to it.
- Maintaining a strong database of buyers.
- Utilising the skills of the company's very experienced staff.
- Investing in our people.

On behalf of the board



P J Gillespie

Director

21/9/2018

GIBBS GILLESPIE SALES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The principal activity of the company throughout the current year was that of real estate management.

Directors

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

P J Gillespie
J G Gibbs
R W Gibbs

Results and dividends

The results for the year are set out on page 7.

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

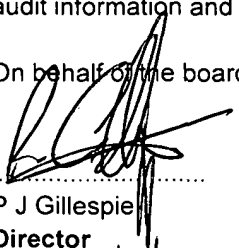
Auditor

In accordance with the company's articles, a resolution proposing that Mercer & Hole be reappointed as auditor of the company will be put at a General Meeting.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



.....
P J Gillespie

Director

Date: 21/9/2018

GIBBS GILLESPIE SALES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

GIBBS GILLESPIE SALES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GIBBS GILLESPIE SALES LIMITED

Opinion

We have audited the financial statements of Gibbs Gillespie Sales Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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.

GIBBS GILLESPIE SALES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GIBBS GILLESPIE SALES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, 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; 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

David Jones FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

21/9/2018

Chartered Accountants
Statutory Auditor

Batchworth House
Batchworth Place
Church Street
Rickmansworth
Hertfordshire
WD3 1JE

GIBBS GILLESPIE SALES LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Turnover	3	5,522,606	5,498,410
Cost of sales		-	(22,000)
Gross profit		5,522,606	5,476,410
Administrative expenses		(5,204,332)	(5,265,588)
Other operating income		19,580	97,927
Operating profit	4	337,854	308,749
Interest receivable and similar income	7	272	-
Interest payable and similar expenses	8	(10,691)	(16,151)
Profit before taxation		327,435	292,598
Tax on profit	9	(131,495)	(130,883)
Profit for the financial year		195,940	161,715

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

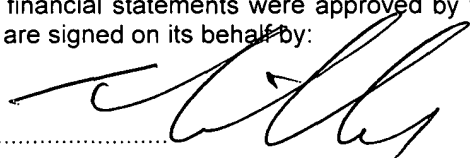
GIBBS GILLESPIE SALES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	10	4,263,600		4,618,900	
Tangible assets	11	144,077		170,299	
		<u>4,407,677</u>		<u>4,789,199</u>	
Current assets					
Debtors	13	425,817		460,962	
Cash at bank and in hand		304,835		285,287	
		<u>730,652</u>		<u>746,249</u>	
Creditors: amounts falling due within one year	14	(2,372,289)		(2,469,448)	
Net current liabilities		<u>(1,641,637)</u>		<u>(1,723,199)</u>	
Total assets less current liabilities		<u>2,766,040</u>		<u>3,066,000</u>	
Creditors: amounts falling due after more than one year	16	(1,657,712)		(2,145,366)	
Provisions for liabilities	17	(24,111)		(32,357)	
Net assets		<u>1,084,217</u>		<u>888,277</u>	
Capital and reserves					
Called up share capital	20	100		100	
Profit and loss reserves	21	1,084,117		888,177	
Total equity		<u>1,084,217</u>		<u>888,277</u>	

The financial statements were approved by the board of directors and authorised for issue on 21/12/2017 and are signed on its behalf by:


J G Gibbs
Director

Company Registration No. 08786708

GIBBS GILLESPIE SALES LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2016	100	726,462	726,562
Year ended 31 December 2016:			
Profit and total comprehensive income for the year	-	161,715	161,715
Balance at 31 December 2016	100	888,177	888,277
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	195,940	195,940
Balance at 31 December 2017	100	1,084,117	1,084,217

GIBBS GILLESPIE SALES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	25	735,699		785,968	
Interest paid		(10,691)		(16,151)	
Income taxes paid		(168,286)		(185,009)	
Net cash inflow from operating activities		556,722		584,808	
Investing activities					
Purchase of tangible fixed assets		(34,201)		(35,137)	
Interest received		272		-	
Net cash used in investing activities		(33,929)		(35,137)	
Financing activities					
Proceeds from borrowings		-		180,377	
Repayment of borrowings		(399,183)		(766,531)	
Repayment of bank loans		(104,062)		(118,934)	
Net cash used in financing activities		(503,245)		(705,088)	
Net increase/(decrease) in cash and cash equivalents		19,548		(155,417)	
Cash and cash equivalents at beginning of year		285,287		440,704	
Cash and cash equivalents at end of year		304,835		285,287	

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Gibbs Gillespie Sales Limited is a private company limited by shares incorporated in England and Wales. The registered office is Batchworth House, Batchworth Place, Church Street, Rickmansworth, Hertfordshire, WD3 1JE.

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.

1.2 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.

1.3 Turnover

Turnover represents invoiced estate agent fees net of value added tax.

Income in relation to commissions on a purchase of property services is recognised in the accounting period in which the service is rendered, by reference to the date the contracts are exchanged for each property.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets - goodwill

Goodwill is being written off in equal annual installments over 15 years which is the directors current estimate of the period over which the economic benefit of the brand value at acquisition will be derived. If there is an indication that there has been a significant change to the remaining estimated useful economic life the amortisation will be revised prospectively to reflect the new expectation.

1.5 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 of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25% on cost
Equipment, fixtures and fittings	10%/25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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.

1.7 Cash and cash equivalents

Cash at bank and in hand 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.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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.

Trade debtors, loans and other receivables that have fixed or determinable payments are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets 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. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Basic financial liabilities

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.11 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.

1.12 Retirement benefits

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

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

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 leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

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

Recoverability of receivable

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

Determining residual values and useful economic lives of tangible fixed assets (property, plant and equipment)

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimate of the ongoing value of the brand to which the goodwill relates. For the current and prior year the estimated useful life of the goodwill was it would be written off over 15 years which reflects the directors current estimate of the remaining useful life.

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Commission on sale of properties	5,242,147	5,229,764
EPC income	45,294	50,208
Referral fee	48,120	58,313
Commissions	187,045	160,125
	<u>5,522,606</u>	<u>5,498,410</u>
	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	<u>5,522,606</u>	<u>5,498,410</u>

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	9,640	8,000
Depreciation of owned tangible fixed assets	60,423	50,635
Amortisation of intangible assets	355,300	355,300
Operating lease charges	309,280	250,763
	<u> </u>	<u> </u>

5 Employees

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

	2017	2016
	Number	Number
Senior management	3	3
Other staff	130	128
	<u> </u>	<u> </u>
	133	131
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	2,663,184	2,669,000
Social security costs	287,654	278,925
Pension costs	27,207	25,658
	<u> </u>	<u> </u>
	2,978,045	2,973,583
	<u> </u>	<u> </u>

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	120,000	89,493
	<u> </u>	<u> </u>

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	268	-
Other interest income	4	-
	<u> </u>	<u> </u>
Total income	272	-
	<u> </u>	<u> </u>

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,641	7,558
Other finance costs:		
Other interest	8,050	8,593
	<u>10,691</u>	<u>16,151</u>

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	139,741	135,686
Deferred tax		
Origination and reversal of timing differences	(8,246)	(4,803)
	<u>131,495</u>	<u>130,883</u>

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

	2017 £	2016 £
Profit before taxation	327,435	292,598
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	63,020	58,520
Tax effect of expenses that are not deductible in determining taxable profit	1,483	3,049
Permanent capital allowances in excess of depreciation	75,238	74,160
Provisions tax adjustment	-	(43)
Deferred tax adjustments	(8,246)	(4,803)
Taxation charge for the year	<u>131,495</u>	<u>130,883</u>

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2017 and 31 December 2017	5,610,000
Amortisation and impairment	
At 1 January 2017	991,100
Amortisation charged for the year	355,300
At 31 December 2017	1,346,400
Carrying amount	
At 31 December 2017	4,263,600
At 31 December 2016	4,618,900

11 Tangible fixed assets

	Plant and machinery £	Equipment, fixtures and fittings £	Total £
Cost			
At 1 January 2017	11,520	322,035	333,555
Additions	-	34,201	34,201
Disposals	-	(45,403)	(45,403)
At 31 December 2017	11,520	310,833	322,353
Depreciation and impairment			
At 1 January 2017	4,384	158,872	163,256
Depreciation charged in the year	2,880	57,543	60,423
Eliminated in respect of disposals	-	(45,403)	(45,403)
At 31 December 2017	7,264	171,012	178,276
Carrying amount			
At 31 December 2017	4,256	139,821	144,077
At 31 December 2016	7,136	163,163	170,299

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	353,471	385,283
Carrying amount of financial liabilities		
Measured at amortised cost	3,660,713	4,192,197

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	324,381	351,327
Other debtors	29,090	33,956
Prepayments and accrued income	72,346	75,679
	<u>425,817</u>	<u>460,962</u>

14 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	15	88,744	104,335
Trade creditors		70,613	43,419
Corporation tax		139,736	168,281
Other taxation and social security		229,552	254,336
Other creditors		1,761,332	1,811,121
Accruals and deferred income		82,312	87,956
		<u>2,372,289</u>	<u>2,469,448</u>

15 Loans and overdrafts

	2017 £	2016 £
Bank loans	88,744	192,806
Directors' loans	2,257,712	2,656,895
	<u>2,346,456</u>	<u>2,849,701</u>
Payable within one year	688,744	704,335
Payable after one year	1,657,712	2,145,366
	<u>2,346,456</u>	<u>2,849,701</u>

The long-term bank loans are secured by a cross guarantee between Gibbs Gillespie Sales Limited and Gibbs Gillespie Lettings Limited as well as a personal guarantee by J G Gibbs and P J Gillespie.

16 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	15	-	88,471
Other borrowings	15	1,657,712	2,056,895
		<u>1,657,712</u>	<u>2,145,366</u>

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	18	<u>24,111</u>	<u>32,357</u>

18 Deferred taxation

Deferred tax assets and liabilities are offset where the 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 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	<u>24,111</u>	<u>32,357</u>
Movements in the year:		2017 £
Liability at 1 January 2017		32,357
Credit to profit or loss		<u>(8,246)</u>
Liability at 31 December 2017		<u>24,111</u>

The deferred tax liability set out above is expected to reverse over the life of the individual qualifying assets and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>27,207</u>	<u>25,658</u>

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

20 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21 Profit and loss reserves

	2017 £	2016 £
At the beginning of the year	888,177	726,462
Profit for the year	195,940	161,715
At the end of the year	<u>1,084,117</u>	<u>888,177</u>

22 Related party transactions

Remuneration of key management personnel

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

	2017 £	2016 £
Aggregate compensation	<u>134,309</u>	<u>102,645</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	2017 £	2016 £
Other related parties	<u>134,828</u>	<u>251,193</u>

The following amounts were outstanding at the reporting end date:

	2017 £	2016 £
Amounts owed to related parties		
Other related parties	<u>1,159,315</u>	<u>1,209,783</u>

The following amounts were outstanding at the reporting end date:

	2017 Balance £
Amounts owed by related parties	
Other related parties	<u>29,090</u>

	2016 Balance £
Amounts owed in previous period	
Other related parties	<u>33,956</u>

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Related party transactions

(Continued)

"Other related parties" are related due to being under common control.

An unlimited bank guarantee has been given by Gibbs Gillespie Sales Limited to its related company Gibbs Gillespie Lettings Limited and vice versa.

There is a cross guarantee and debenture between the company and JPR Investments Limited.

23 Operating lease commitments

Lessee

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

	2017 £	2016 £
Within one year	263,625	259,750
Between two and five years	1,081,000	923,583
In over five years	456,042	630,292
	<u>1,800,667</u>	<u>1,813,625</u>

In regard, to car leases, the legal obligation falls with Gibbs Gillespie Lettings Limited. However, during the year Gibbs Gillespie Sales Limited paid £70,156 (2016 - £81,776) for the cars utilised by their employees.

In regard, to the operating rental agreements, the legal obligation for the Amersham property falls with Gibbs Gillespie Lettings Limited. However, during the year Gibbs Gillespie Sales Limited paid £22,000 (2016 - £22,000) for occupying the premises.

The legal obligation for the Ruislip property falls with Gibbs Gillespie Sales Limited however, during the year Gibbs Gillespie Lettings Limited paid £27,500 (2016 - £27,500) for occupying the premises.

GIBBS GILLESPIE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

24 Directors' transactions

Transactions in relation to loans given by the directors during the year are outlined in the table below:

The balances have been split between creditors due within one year as follows;

Due in less than one year:

Total for directors' £600,000 (2016 - £600,000)

Due in more than one year:

Total for directors £1,657,712 (2016 - £2,056,895)

Total of creditor balance £2,257,712 (2016 - £2,656,895)

The movement in the year is as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Directors' loan to company	-	612,541	-	(182,709)	429,832
Directors' loan to company	-	764,766	-	(133,600)	631,166
Directors' loan to company	-	1,279,588	102,610	(185,484)	1,196,714
		<u>2,656,895</u>	<u>102,610</u>	<u>(501,793)</u>	<u>2,257,712</u>

25 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	195,940	161,715
Adjustments for:		
Taxation charged	131,495	130,883
Finance costs	10,691	16,151
Investment income	(272)	-
Amortisation and impairment of intangible assets	355,300	355,300
Depreciation and impairment of tangible fixed assets	60,423	50,635
Movements in working capital:		
Decrease in debtors	35,145	57,166
(Decrease)/increase in creditors	(53,023)	14,118
Cash generated from operations	<u>735,699</u>	<u>785,968</u>