

SHS Sales & Marketing (GB) Limited

Report and Financial Statements

For the period from 3 January 2015 to 1 January 2016



Directors

B Salters

J Sloan

A Richmond

E Birchall

P J Butler (resigned 27 February 2015)

Secretary

A Richmond

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast BT2 7DT

Bankers

Danske Bank

Donegall Square West

Belfast BT1 6SJ

Solicitors

Carson McDowell

Murray House

4 Murray Street

Belfast BT1 6DN

Registered Office

SHS House

199 Airport Road West

Belfast

Co Antrim BT3 9ED

Strategic report

The directors present their strategic report for the period ended 1 January 2016.

Principal activities and review of the business

The company's principal activities are the marketing of branded food products and the marketing and distribution of drinks, grocery, household and healthcare products.

There were no significant changes in the activities of the company during the period. The directors consider that in light of prevailing economic and market conditions, both the results for the period and the prospects for the future are satisfactory.

The company strategy for the coming year is to increase shareholder value through enhancing market share and developing the company's customer base further.

Key performance indicators

The key performance indicator for the company is the gross margin. The gross margin for the period was 5.09% (period ended 2 January 2015 – 5.00%). Other key performance indicators are noted below:

	<i>Period ended 1 January 2016 £</i>	<i>Period ended 2 January 2015 £</i>
Turnover	286,512,459	285,179,530
Profit after tax	1,329,693	1,127,212
Shareholder funds	13,123,831	12,294,138
Average employees during the period	145	153
Current assets vs current liabilities (quick ratio)	1.17	1.16

Principal risks and uncertainties

The company uses various financial instruments including cash, bank overdrafts, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are interest rate risk, currency risk, credit risk, liquidity risk and price and market risk.

The directors review and agree policies for managing each of these risks, and they are summarised below. These policies have remained unchanged from previous periods.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed through annual review of its borrowing requirements.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. In relation to this risk, the company principally uses group level foreign currency contracts with financial institutions in order to hedge against adverse movements exchange rates.

Strategic report

Principal risks and uncertainties (continued)

Credit risk

The company's principal financial assets are cash and debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from debtors.

In order to manage credit risk the directors assess potential customers based on a mixture of past history, credit references and industry knowledge. Amounts owed are reviewed and followed up on a regular basis.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Short term flexibility is achieved by holding cash balances and overdraft facilities.

Price and market risk

As the company does not normally make investments, price risk is considered inconsequential.

Approved by the Board on 13th June 2016 and signed on its behalf by:



A Richmond
Secretary

Date: 13th June 2016.

Registered No. NI016607

Directors' report

The directors present their report for the period ended 1 January 2016.

Results and dividends

The profit for the period after taxation amounted to £1,329,693 (period ended 2 January 2015 – profit of £1,127,212). The directors paid a final dividend of £500,000 (period ended 2 January 2015 – £1,000,000).

Future developments

The Directors are committed to long-term creation of shareholder value. 2015 has been a challenging period in a competitive sector, the directors are continuing to focus on driving the business forward and are committed to seeking new business opportunities and continue to implement the growth strategy for the business. While the incoming year is likely to continue to be very challenging, early results indicate we are in line to achieve our expectations for the year.

Directors

The directors who served the company during the period were as follows:

B Salters

J Sloan

A Richmond

E Birchall

P J Butler (resigned 27 February 2015)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



E Birchall

Director

Date: 13.6.16

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. 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 judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.

Independent auditors' report

to the members of SHS Sales & Marketing (GB) Limited

We have audited the financial statements of SHS Sales & Marketing (GB) Limited for the period ended 1 January 2016 which Profit and Loss Account, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 19. 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 to 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 page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' 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 company's affairs as at 1 January 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of SHS Sales & Marketing (GB) Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Ernst & Young LLP

Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 13 June 2016

Profit and loss account

for the period ended 1 January 2016

		<i>Period ended 1 January 2016</i>	<i>Period ended 2 January 2015</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	286,512,459	285,179,530
Cost of sales		<u>(271,932,830)</u>	<u>(270,847,002)</u>
Gross profit		14,579,629	14,332,528
Distribution costs		(368,563)	(375,751)
Administrative expenses		<u>(12,528,562)</u>	<u>(12,506,915)</u>
Operating profit	3	1,682,504	1,449,862
Interest receivable and similar income		—	—
Interest payable and similar charges	6	<u>(3,151)</u>	<u>(364)</u>
Profit on ordinary activities before taxation		1,679,353	1,449,498
Tax charge	7	<u>(349,660)</u>	<u>(322,286)</u>
Profit for the financial period	14	<u><u>1,329,693</u></u>	<u><u>1,127,212</u></u>

All amounts relate to continuing activities.

Statement of other comprehensive income

for the period ended 1 January 2016

There is no recognised income or loss other than the profit attributable to the shareholders of the company of £1,329,693 in the period ended 1 January 2016 (period ended 2 January 2015 – profit of £1,127,212).

Statement of changes in equity

for the period ended 1 January 2016

	<i>Called up share capital</i> £	<i>Profit and loss account</i> £	<i>Total Equity</i> £
At 4 January 2014	50,000	12,116,926	12,166,926
Profit for the period	–	1,127,212	1,127,212
Dividend paid	–	(1,000,000)	(1,000,000)
At 2 January 2015	50,000	12,244,138	12,294,138
Profit for the period	–	1,329,693	1,329,693
Dividend paid	–	(500,000)	(500,000)
At 1 January 2016	50,000	13,073,831	13,123,831

Registered Number: NI016607

Balance sheet

at 1 January 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	9	87,605	73,290
Current assets			
Stocks	10	16,965,758	15,126,983
Debtors	11	70,917,090	72,004,801
Cash at bank and in hand		3,654,248	711,362
		<u>91,537,096</u>	<u>87,843,146</u>
Creditors: amounts falling due within one year	12	<u>(78,500,870)</u>	<u>(75,622,298)</u>
Net current assets		<u>13,036,226</u>	<u>12,220,848</u>
Net assets		<u>13,123,831</u>	<u>12,294,138</u>
Capital and reserves			
Called up share capital	13	50,000	50,000
Profit and loss account	14	13,073,831	12,244,138
Shareholders' funds		<u>13,123,831</u>	<u>12,294,138</u>



E Birchall
Director

Date: 13.6.16

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

1. Accounting policies

Statement of compliance

The SHS Sales & Marketing (GB) Limited is a limited liability company incorporated in Northern Ireland. The Registered Office is SHS House, 199 Airport Road West, Belfast, BT3 9ED.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the period ended 1 January 2016.

The company transitioned from previously extant UK GAAP to FRS 102 as at 4 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 19.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in Sterling which is the functional currency of the company.

Reduced disclosure framework

The Company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 4 *Statement of Financial Position* paragraph 4.12(a)(iv).
- (b) The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).
- (c) The requirements of Section 11 *Basic Financial Instruments* paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26
- (d) Section 33 *Related Party Disclosures* paragraph 33.7.

The shareholders of the company have been notified in writing about, and do not object to, the use of the disclosure exemptions. The company's ultimate parent undertaking and controlling party is SHS Group Limited, a company incorporated in Northern Ireland, which is the parent undertaking of the largest group to consolidate these financial statements. SHS Group Limited financial statements are available from 199 Airport Road West, Belfast, Co Antrim, Northern Ireland.

Going concern

The directors have assessed, based on the anticipated activities of the company, that there are adequate resources in place to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements. In coming to this conclusion, the directors have assessed the entity's current financing arrangements and liquid resources. For this reason the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

Statement of cash flows

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose group financial statements are publicly available, is exempt from the requirement to draw up a statement of cash flows in accordance with FRS 102 Section 7 *Statement of Cash Flows*.

Judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant impact on amounts recognised in the financial statements.

The following are the company's key sources of estimation uncertainty:

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

1. Accounting policies (continued)

Judgements and key sources of estimation (continued)

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Details of the company's tax charge are contained in note 7.

Turnover

The turnover shown in the profit and loss account represents income from the marketing of Farmlea branded food products and the marketing and distribution of drinks, grocery and healthcare products, exclusive of Value Added Tax.

Turnover is recognised upon the delivery of goods.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the statement of comprehensive income.

If there is 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 the statement of comprehensive income.

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

1. Accounting policies (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank overdrafts 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.

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

Trade payables are obligations to pay for goods or services that have been received in the ordinary course of business from suppliers. Trade payables are classified into amounts falling due within one year if payment is due within one year or less. If not, they are presented as amounts falling due after one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	–	10-15% straight-line
Office equipment	–	10-20% straight-line
Motor Vehicles	–	25% straight-line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Foreign currencies

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

The company has not applied paragraphs 20.15A or 20.25A to lease incentives where the lease commenced before the date of transition to FRS 102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS 102.

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

Retirement benefits to employees of the company are provided by the SHS Group Limited pension scheme. The company's staff comprise a percentage of the overall membership of this scheme. The company has no influence on the level of contributions and is unable to identify its share of underlying liabilities or assets in the scheme. As such payments to the scheme are accounted for by the company as a defined contribution scheme in line with the requirements of FRS 102 section 28 "Employee Benefits". Contributions to the scheme are charged to the profit and loss account. The contributions are estimated so as to spread the cost of pensions over employees working lives with the company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected benefits valuation method.

SHS Group Limited has fully complied with the accounting and disclosure requirements of FRS 102 section 28 "Employee Benefits".

The company also operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2. Turnover

The whole of the turnover is attributable to the principal activities of the company.

All turnover arose within the United Kingdom.

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

3. Operating profit

This is stated after charging:

	<i>Period ended 1 January 2016 £</i>	<i>Period ended 2 January 2015 £</i>
Auditors' remuneration – audit fees	10,350	10,350
– non audit services	1,364	1,364
Depreciation of tangible fixed assets – owned by the company	17,743	15,046
Loss/(gain) on foreign exchange	37,941	(48,269)
Operating lease rentals – other operating leases	<u>476,018</u>	<u>482,626</u>

4. Directors' remuneration

	<i>Period ended 1 January 2016 £</i>	<i>Period ended 2 January 2015 £</i>
Remuneration	<u>250,683</u>	<u>468,640</u>
Company pension contribution to defined contribution pension schemes	<u>2,667</u>	<u>32,593</u>

During the period retirement benefits were accruing to 1 director (period ended 2 January 2015 – 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £190,386 (period ended 2 January 2015 – £222,772).

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	<i>Period ended 1 January 2016 £</i>	<i>Period ended 2 January 2015 £</i>
Wages and salaries	6,430,128	6,888,422
Social security costs	704,756	710,283
Other pension costs	<u>441,156</u>	<u>434,802</u>
	<u>7,576,040</u>	<u>8,033,507</u>

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

5. Staff costs (continued)

The average monthly number of employees (including directors) during the period was made up as follows:

	<i>No.</i>	<i>No.</i>
Distribution	125	129
Administration	20	24
	<u>145</u>	<u>153</u>

6. Interest payable and similar charges

	<i>Period ended 1 January 2016 £</i>	<i>Period ended 2 January 2015 £</i>
On bank overdrafts	408	364
Other interest payable	2,743	–
	<u>3,151</u>	<u>364</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>Period ended 1 January 2016 £</i>	<i>Period ended 2 January 2015 £</i>
Current tax:		
UK corporation tax on the profit for the period	253,889	4,615
Group relief payment	96,099	315,195
Adjustments in respect of prior period	(328)	2,476
Tax on profit on ordinary activities (note 7(b))	<u>349,660</u>	<u>322,286</u>

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

7. Tax (continued)

(b) Factors affecting the total tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 20.25% (period ended 2 January 2015 – 21.5%). The differences are explained below:

	<i>Period ended 1 January 2016 £</i>	<i>Period ended 2 January 2015 £</i>
Profit on ordinary activities before tax	<u>1,679,353</u>	<u>1,449,498</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (period ended 2 January 2015 – 21.5%)	340,069	311,543
<i>Effects of:</i>		
Expenses not deductible for tax purposes	10,870	9,763
Adjustments to tax charge in respect of prior periods	(328)	2,476
Difference in tax rates	–	(345)
Claim in respect of group relief	(96,099)	(315,195)
Payment in respect of group relief	96,099	315,195
DT not recognised	(845)	(1,071)
Change in rate from DT to CT	(106)	(80)
Total tax for the period (note 7(a))	<u>349,660</u>	<u>322,286</u>

8. Dividends

	<i>2016 £</i>	<i>2015 £</i>
Dividends paid on equity capital	<u>500,000</u>	<u>1,000,000</u>

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

9. Tangible fixed assets

	<i>Fixtures and fittings</i> £	<i>Office equipment</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
<i>Cost:</i>				
At 3 January 2015	119,815	589,068	–	708,883
Additions	28,308	–	3,750	32,058
Disposals	–	(378,889)	–	(378,889)
At 1 January 2016	148,123	210,179	3,750	362,052
<i>Depreciation:</i>				
At 3 January 2015	57,450	578,143	–	635,593
Charge for the period	14,144	2,896	703	17,743
On disposals	–	(378,889)	–	(378,889)
At 1 January 2016	71,594	202,150	703	274,447
<i>Net book value:</i>				
At 1 January 2016	76,529	8,029	3,047	87,605
At 3 January 2015	62,365	10,925	–	73,290

The company undertook a review of its fixed asset register and removed a number of fully depreciated assets no longer in use from the register resulting in the cost and depreciation disposals above.

10. Stocks

	<i>2016</i> £	<i>2015</i> £
Finished goods and goods for resale	16,965,758	15,126,983

The company held consignment stock with an estimated value of £10,341,551 (2015 – £5,843,952) which is not recorded on the balance sheet. The principal terms of the consignment agreements are such that the company can return any or all of the stock to relevant suppliers without financial penalties and the supplier can vary stock prices.

The replacement value of the stock is not materially different from its carrying value.

11. Debtors

	<i>2016</i> £	<i>2015</i> £
Trade debtors	70,020,972	70,859,811
Amounts owed by group undertakings	427,012	230,043
Prepayments and accrued income	469,106	914,947
	<u>70,917,090</u>	<u>72,004,801</u>

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

12. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	–	5,313,071
Trade creditors	21,784,261	14,425,960
Amounts owed to group undertakings	48,957,825	45,888,993
Other creditors	2,368	141,786
Corporation tax	253,889	4,614
Other taxation and social security costs	896,915	1,150,415
Accruals and deferred income	6,605,612	8,697,459
	<u>78,500,870</u>	<u>75,622,298</u>

13. Issued share capital

	2016		2015	
<i>Allotted, called up and fully paid</i>	No.	£	No.	£
Ordinary shares of £1 each	50,000	<u>50,000</u>	50,000	<u>50,000</u>

14. Movements on reserves

	<i>Profit and loss account £</i>
At 3 January 2015	12,244,138
Profit for the period	1,329,693
Dividends: equity capital (note 8)	(500,000)
At 1 January 2016	<u>13,073,831</u>

15. Pensions

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

The company is also a member of a group defined benefit scheme. Full details of this scheme are disclosed in the financial statements of SHS Group Limited, which has complied with FRS 102.

16. Other financial commitments

At 1 January 2016 the company had annual commitments under non-cancellable operating leases as set out below:

	2016 £	2015 £
<i>Operating leases which expire:</i>		
Within one year	138,034	75,249
In two to five years	<u>551,449</u>	<u>863,993</u>

Notes to the financial statements

For the period 3 January 2015 to 1 January 2016

17. Related party transactions

As a wholly owned subsidiary of SHS Group Limited, the company is exempt from the requirements of FRS 102 Section 33 *Related Party Disclosures* paragraph 33.11 to disclose transactions with other members of the group which are party to the transaction.

18. Ultimate parent undertaking and controlling party

The directors consider that the ultimate parent undertaking is SHS Group Limited, a company incorporated in Northern Ireland.

The ultimate controlling parties of SHS Group Limited are its shareholders.

The financial statements of SHS Group Limited are available for inspection at the Registrar of companies, second floor, The Linenhall, 32-38 Linenhall Street, Belfast.

19. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 4 January 2014. There is no impact from the transition to FRS 102.

There were no changes in accounting policies arising from the transition to FRS 102.

Transitional relief

On transition to FRS 102 from previous UK GAAP, the company have taken advantage of transitional relief as follows:

Business combinations

The group has elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to FRS 102.

Investments in subsidiaries

The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.