

**REGISTERED NUMBER: SC044008**

**BEATSON'S BUILDING SUPPLIES LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017**

WEDNESDAY



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18/04/2018

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COMPANIES HOUSE

Martin Aitken & Co Ltd  
Statutory Auditor  
Chartered Accountants  
Caledonia House  
89 Seaward Street  
Glasgow  
G41 1HJ

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2017**

|                                           | <b>Page</b> |
|-------------------------------------------|-------------|
| <b>Strategic Report</b>                   | <b>1</b>    |
| <b>Report of the Directors</b>            | <b>3</b>    |
| <b>Report of the Independent Auditors</b> | <b>5</b>    |
| <b>Profit and Loss Account</b>            | <b>7</b>    |
| <b>Other Comprehensive Income</b>         | <b>8</b>    |
| <b>Balance Sheet</b>                      | <b>9</b>    |
| <b>Statement of Changes in Equity</b>     | <b>10</b>   |
| <b>Cash Flow Statement</b>                | <b>11</b>   |
| <b>Notes to the Cash Flow Statement</b>   | <b>12</b>   |
| <b>Notes to the Financial Statements</b>  | <b>13</b>   |

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2017**

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

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are shown in the annexed financial statements.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

Our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole and are turnover, gross margin, operating profit and return on capital employed.

The company's turnover increased by £2,720,693 to £26,215,504, an increase of 11.6% (2016 8.5%) with gross margin increasing by £1,042,593 to £8,662,873 on a gross profit percentage for the year of 33.0% (2016 32.4%).

Operating profit increased to £2,043,686 from £1,647,317 in 2016. Return on capital employed has increased to 42.9% (2015 33.0%). Return on capital employed is calculated as profit before interest and tax, divided by capital employed, which constitutes total assets less current liabilities, less investments, less cash, plus overdrafts and other short term borrowings.

The business continues to enjoy a strong performance across all areas of operation in the year to July 2017 and has continued with its investment program, investing in further vehicles to support its growing concrete business and in a new EPOS and accounts computer software system which went live post year end.

The company has continued its membership of the H&B Buying Group and this along with an excellent relationship with its supplier base has allowed the company to maintain margin whilst growing turnover in a tight marketplace.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The main challenge affecting the company in the coming year is the uncertainty in the UK economy caused by the Brexit situation. This along with shortages in some key supplies have pushed prices higher in the marketplace across the UK. Until more details of the Brexit negotiations are published, this uncertainty will continue for the foreseeable future.

**FINANCIAL INSTRUMENTS**

The company has adopted the disclosure and presentational requirements of FRS 102. When a financial asset or liability is disclosed initially it is measured at its fair value plus or minus transaction costs. The company regularly monitors its exposure to risks including pricing, credit, liquidity and cash flow.

The company has tightened up controls over collection of trade debtors and has agreed payment terms with its suppliers.

The company is satisfied with the level of cash flow being maintained after taking into consideration the timing aspect of debtor recoverability and the payment of trade creditors and other business expenses.

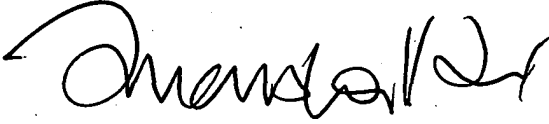
The bank is currently satisfied with the company's financial performance and the directors do not consider there to be any risk of their facilities being withdrawn. The company's deposits are all in place with major UK financial institutions which are regulated by the Financial Conduct Authority.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2017**

**FUTURE DEVELOPMENTS**

The company intends to continue to focus on its core activities and continue its membership of the H&B Buying Group. The company recognises that despite seeing some confidence returning to the market this year, it is still operating in a challenging sector with uncertainty over the economic situation of the country following the recent Brexit vote.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'J Marshall Jnr', is written over a horizontal line.

J Marshall Jnr - Director

9 April 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 JULY 2017**

The directors present their report with the financial statements of the company for the year ended 31 July 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company during the year was the supply of building materials.

**DIVIDENDS**

Interim dividends totalling £1,040,000 were paid during the year. The total distribution for the year ended 31 July 2017 will be £1,040,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 August 2016 to the date of this report.

J Marshall Jnr  
J R Marshall  
Ms D Craw

Other changes in directors holding office are as follows:

M E Northway - resigned 31 July 2017

**STRATEGIC REPORT**

The company has chosen in accordance with Section 414C(11) Companies Act 2006 to set out in the company's Strategic Report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report. It has done so in respect of financial instruments and future developments.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors, the Strategic Report and the financial statements in accordance with applicable laws 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 the affairs of the company and of the profit and 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;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 JULY 2017**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'J Marshall Jnr', with a stylized flourish at the end.

J Marshall Jnr - Director

9 April 2018

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BEATSON'S BUILDING SUPPLIES LIMITED**

### **Opinion**

We have audited the financial statements of Beatson's Building Supplies Limited (the 'company') for the year ended 31 July 2017 on pages seven to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 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 Auditors' 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BEATSON'S BUILDING SUPPLIES 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 or the Report of the Directors.

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**

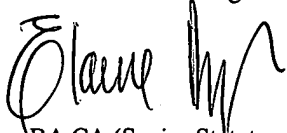
As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary 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.

### **Our 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 a Report of the Auditors 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



Elaine Dyer BA CA (Senior Statutory Auditor)  
for and on behalf of Martin Aitken & Co Ltd  
Statutory Auditor  
Chartered Accountants  
Caledonia House  
89 Seaward Street  
Glasgow  
G41 1HJ

9 April 2018

**BEATSON'S BUILDING SUPPLIES LIMITED (REGISTERED NUMBER: SC044008)****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2017**

|                                        | Notes | 2017<br>£    | 2016<br>£    |
|----------------------------------------|-------|--------------|--------------|
| <b>TURNOVER</b>                        | 2     | 26,215,504   | 23,494,811   |
| Cost of sales                          |       | (17,552,631) | (15,874,531) |
| <b>GROSS PROFIT</b>                    |       | 8,662,873    | 7,620,280    |
| Administrative expenses                |       | (6,642,212)  | (5,999,594)  |
|                                        |       | 2,020,661    | 1,620,686    |
| Other operating income                 | 3     | 23,025       | 26,631       |
| <b>OPERATING PROFIT</b>                | 5     | 2,043,686    | 1,647,317    |
| Interest receivable and similar income |       | 135          | 303          |
|                                        |       | 2,043,821    | 1,647,620    |
| Interest payable and similar expenses  | 6     | (51,934)     | (49,845)     |
| <b>PROFIT BEFORE TAXATION</b>          |       | 1,991,887    | 1,597,775    |
| Tax on profit                          | 7     | (406,248)    | (340,543)    |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>   |       | 1,585,639    | 1,257,232    |

The notes form part of these financial statements

**BEATSON'S BUILDING SUPPLIES LIMITED (REGISTERED NUMBER: SC044008)**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JULY 2017**

|                                                                       | Notes | 2017<br>£        | 2016<br>£        |
|-----------------------------------------------------------------------|-------|------------------|------------------|
| <b>PROFIT FOR THE YEAR</b>                                            |       | <b>1,585,639</b> | <b>1,257,232</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                                     |       |                  |                  |
| Revaluation of heritable property                                     |       | -                | 89,204           |
| Income tax relating to other comprehensive income                     |       | -                | -                |
| <b>OTHER COMPREHENSIVE INCOME<br/>FOR THE YEAR, NET OF INCOME TAX</b> |       | <b>-</b>         | <b>89,204</b>    |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b>                    |       | <b>1,585,639</b> | <b>1,346,436</b> |

The notes form part of these financial statements

**BEATSON'S BUILDING SUPPLIES LIMITED (REGISTERED NUMBER: SC044008)**

**BALANCE SHEET**

**31 JULY 2017**

|                                              | Notes | 2017<br>£               | 2016<br>£               |
|----------------------------------------------|-------|-------------------------|-------------------------|
| <b>FIXED ASSETS</b>                          |       |                         |                         |
| Tangible assets                              | 9     | 4,246,763               | 4,037,687               |
| <b>CURRENT ASSETS</b>                        |       |                         |                         |
| Stocks                                       | 10    | 2,176,651               | 2,033,480               |
| Debtors                                      | 11    | 3,610,874               | 3,494,660               |
| Cash at bank and in hand                     |       | 100,473                 | 21,145                  |
|                                              |       | <u>5,887,998</u>        | <u>5,549,285</u>        |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due within one year          | 12    | <u>5,544,455</u>        | <u>5,166,125</u>        |
| <b>NET CURRENT ASSETS</b>                    |       | <u>343,543</u>          | <u>383,160</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>4,590,306</u>        | <u>4,420,847</u>        |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due after more than one year | 13    | (780,363)               | (1,144,286)             |
| <b>PROVISIONS FOR LIABILITIES</b>            | 17    | (125,281)               | (135,309)               |
| <b>ACCRUALS AND DEFERRED INCOME</b>          | 18    | (3,715)                 | (5,944)                 |
| <b>NET ASSETS</b>                            |       | <u><u>3,680,947</u></u> | <u><u>3,135,308</u></u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                         |                         |
| Called up share capital                      | 19    | 315,000                 | 315,000                 |
| Non-distributable reserve                    | 20    | 589,311                 | 606,472                 |
| Retained earnings                            | 20    | <u>2,776,636</u>        | <u>2,213,836</u>        |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u><u>3,680,947</u></u> | <u><u>3,135,308</u></u> |

The financial statements were approved by the Board of Directors on 9 April 2018 and were signed on its behalf by:



J Marshall Jnr - Director

The notes form part of these financial statements

**BEATSON'S BUILDING SUPPLIES LIMITED (REGISTERED NUMBER: SC044008)****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2017**

|                                 | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Non-distributable<br/>reserve<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|---------------------------------|----------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------|
| <b>Balance at 1 August 2015</b> | 315,000                                      | 1,523,661                          | 530,211                                    | 2,368,872                     |
| <b>Changes in equity</b>        |                                              |                                    |                                            |                               |
| Dividends                       | -                                            | (580,000)                          | -                                          | (580,000)                     |
| Total comprehensive income      | -                                            | 1,270,175                          | 76,261                                     | 1,346,436                     |
| <b>Balance at 31 July 2016</b>  | <u>315,000</u>                               | <u>2,213,836</u>                   | <u>606,472</u>                             | <u>3,135,308</u>              |
| <b>Changes in equity</b>        |                                              |                                    |                                            |                               |
| Dividends                       | -                                            | (1,040,000)                        | -                                          | (1,040,000)                   |
| Total comprehensive income      | -                                            | 1,602,800                          | (17,161)                                   | 1,585,639                     |
| <b>Balance at 31 July 2017</b>  | <u>315,000</u>                               | <u>2,776,636</u>                   | <u>589,311</u>                             | <u>3,680,947</u>              |

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2017**

|                                                                          | Notes | 2017<br>£             | 2016<br>£               |
|--------------------------------------------------------------------------|-------|-----------------------|-------------------------|
| <b>Cash flows from operating activities</b>                              |       |                       |                         |
| Cash generated from operations                                           | 1     | 2,856,739             | 1,228,401               |
| Interest paid                                                            |       | (18,199)              | (23,782)                |
| Interest element of hire purchase and finance lease rental payments paid |       | (33,735)              | (26,063)                |
| Tax paid                                                                 |       | (282,740)             | (177,274)               |
| Net cash from operating activities                                       |       | <u>2,522,065</u>      | <u>1,001,282</u>        |
| <b>Cash flows from investing activities</b>                              |       |                       |                         |
| Purchase of tangible fixed assets                                        |       | (552,449)             | (193,328)               |
| Sale of tangible fixed assets                                            |       | 27,499                | 225,438                 |
| Interest received                                                        |       | 135                   | 303                     |
| Net cash from investing activities                                       |       | <u>(524,815)</u>      | <u>32,413</u>           |
| <b>Cash flows from financing activities</b>                              |       |                       |                         |
| Loan repayments in year                                                  |       | (345,000)             | (345,000)               |
| Capital repayments in year                                               |       | (259,331)             | (161,922)               |
| Amount introduced by directors                                           |       | 7,427                 | 111,345                 |
| Amount withdrawn by directors                                            |       | (55,995)              | (23,759)                |
| Equity dividends paid                                                    |       | (1,040,000)           | (580,000)               |
| Net cash from financing activities                                       |       | <u>(1,692,899)</u>    | <u>(999,336)</u>        |
| <b>Increase in cash and cash equivalents</b>                             |       | <u>304,351</u>        | <u>34,359</u>           |
| <b>Cash and cash equivalents at beginning of year</b>                    | 2     | <u>(203,878)</u>      | <u>(238,237)</u>        |
| <b>Cash and cash equivalents at end of year</b>                          | 2     | <u><u>100,473</u></u> | <u><u>(203,878)</u></u> |

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2017**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

|                                                  | 2017<br>£        | 2016<br>£        |
|--------------------------------------------------|------------------|------------------|
| Profit before taxation                           | 1,991,887        | 1,597,775        |
| Depreciation charges                             | 463,928          | 383,511          |
| Profit on disposal of fixed assets               | (1,354)          | (54,903)         |
| Decrease in other provisions                     | (17,060)         | 17,060           |
| Government grants                                | (2,229)          | (2,229)          |
| Finance costs                                    | 51,934           | 49,845           |
| Finance income                                   | (135)            | (303)            |
|                                                  | <u>2,486,971</u> | <u>1,990,756</u> |
| Increase in stocks                               | (143,171)        | (108,957)        |
| Increase in trade and other debtors              | (116,214)        | (253,309)        |
| Increase/(decrease) in trade and other creditors | 629,153          | (400,089)        |
|                                                  | <u>2,856,739</u> | <u>1,228,401</u> |

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 July 2017**

|                           | 31.7.17<br>£   | 1.8.16<br>£      |
|---------------------------|----------------|------------------|
| Cash and cash equivalents | 100,473        | 21,145           |
| Bank overdrafts           | -              | (225,023)        |
|                           | <u>100,473</u> | <u>(203,878)</u> |

**Year ended 31 July 2016**

|                           | 31.7.16<br>£     | 1.8.15<br>£      |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | 21,145           | 9,242            |
| Bank overdrafts           | (225,023)        | (247,479)        |
|                           | <u>(203,878)</u> | <u>(238,237)</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2017**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

Beatson's Building Supplies Limited is a private company, limited by shares, incorporated in Scotland. The registered office is The Whins, Alloa, FK10 3TA.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. There were no material departures from that standard. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in Sterling (£).

**Going concern**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Critical accounting 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 amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Turnover**

Turnover comprises the invoiced cost of goods sold during the year, excluding value added tax, and net of trade discounts. The company's policy is to recognise a sale when substantively all the risks and rewards in connection with the goods have been passed to the buyer.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017**

**1. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

|                        |                                                    |
|------------------------|----------------------------------------------------|
| Heritable property     | - 2% straight line                                 |
| Leasehold improvements | - straight line over life of lease                 |
| Plant and machinery    | - 15% on cost                                      |
| Furniture and fittings | - 15% on cost and straight line over term of lease |
| Motor vehicles         | - 20% on cost and 20% on reducing balance          |

Plant and equipment are included in the financial statements at cost less depreciation and impairment.

At each balance sheet date the directors review the carrying amounts of plant and equipment to determine whether there is any indication that any items have suffered impairment loss and that if any such indication exists, the recoverable amount of an 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 the asset, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Land and buildings are carried at their revalued amounts, being fair value at the date of valuation less any subsequent depreciation and impairment losses. Land included within heritable property has not been depreciated. Revaluations are performed by professionally qualified valuers with sufficient regularity to ensure that the carrying amounts do not differ materially from those that would be determined using fair values. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation increase in the carrying amount of land and buildings is recognised in other comprehensive income and included in a revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case the increase is credited to the profit and loss to the extent of the decrease previously expended. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve in equity: decreases exceeding the balance in revaluation reserve relating to an asset are recognised in the profit and loss. Each year the difference between depreciation based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

**Stocks**

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items. Replacement cost of stock would not be materially different.

**Taxation**

Taxation represents the sum of tax currently payable and deferred tax. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

With the exception of changes arising on the initial recognition of a business combination, the tax expense is presented either in profit or loss, other comprehensive income or statement of changes in equity depending on the transaction that resulted in the tax expense.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017**

**1. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Rentals receivable under operating leases are credited to the profit and loss account as they accrue.

**Pension costs and other post-retirement benefits**

The company operates defined contribution pension schemes for the directors and staff of the company. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions payable for the year are charged in the profit and loss account.

**Investment properties**

The company holds a property for rental purposes. Investment properties are accounted for as follows:

(i) Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.

(ii) Subsequently investment properties whose fair value can be measured reliably without undue cost or effort on an on-going basis are measured at fair value. The surplus or deficit arising on revaluation in the financial year is recognised in the profit and loss account for that year. Revaluation gains and losses are accumulated in the profit and loss account reserve, unless the revaluation amount exceeds original cost in which case, a transfer is made of the surplus to a non-distributable reserve in the balance sheet. Investment properties whose fair value cannot be measured reliably without undue cost or effort on an on-going basis are included in plant, property and equipment at cost less accumulated depreciation and accumulated impairment losses.

(iii) Deferred taxation is provided on any gains at the rate expected to apply when a property is sold.

**Government grants**

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate. Grants of a revenue nature are taken to the profit and loss account in the period in which the expenditure is incurred.

**Financial instruments**

The company only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**Cash and cash equivalents**

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

**Debtors**

Short term debtors are measured at transaction price, less any impairment.

**Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 JULY 2017**

**1. ACCOUNTING POLICIES - continued**

**Employee benefits**

Short term employee benefits are recognised as an expense in the period in which they are incurred.

**Provisions**

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

**2. TURNOVER**

The turnover and profit before tax were all derived from the company's principal activity and were wholly undertaken in the United Kingdom.

**3. OTHER OPERATING INCOME**

|                        | 2017          | 2016          |
|------------------------|---------------|---------------|
|                        | £             | £             |
| Rents received         | 13,000        | 24,402        |
| Other operating income | 7,796         | -             |
| Government grants      | 2,229         | 2,229         |
|                        | <u>23,025</u> | <u>26,631</u> |

The rents received are in respect of amounts due under operating leases.

**4. EMPLOYEES AND DIRECTORS**

|                       | 2017             | 2016             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 3,041,192        | 2,768,114        |
| Social security costs | 302,930          | 278,458          |
| Other pension costs   | 84,535           | 77,652           |
|                       | <u>3,428,657</u> | <u>3,124,224</u> |

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

|                      | 2017       | 2016       |
|----------------------|------------|------------|
| Production staff     | 54         | 55         |
| Administration staff | 68         | 67         |
|                      | <u>122</u> | <u>122</u> |

|                                                            | 2017    | 2016    |
|------------------------------------------------------------|---------|---------|
|                                                            | £       | £       |
| Directors' remuneration                                    | 459,676 | 456,439 |
| Directors' pension contributions to money purchase schemes | 10,681  | 10,624  |
|                                                            | <u></u> | <u></u> |

The number of directors to whom retirement benefits were accruing was as follows:

|                        | 2017     | 2016     |
|------------------------|----------|----------|
| Money purchase schemes | <u>4</u> | <u>4</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017**

**4. EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

|                | 2017           | 2016           |
|----------------|----------------|----------------|
|                | £              | £              |
| Emoluments etc | <u>233,461</u> | <u>233,050</u> |

There are no pension contributions (2016 £nil).

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

|                                                                     | 2017           | 2016           |
|---------------------------------------------------------------------|----------------|----------------|
|                                                                     | £              | £              |
| Hire of plant and machinery                                         | 366,406        | 110,322        |
| Other operating leases                                              | 138,780        | 145,447        |
| Depreciation - owned assets                                         | 256,594        | 246,762        |
| Depreciation - assets on hire purchase contracts and finance leases | 207,334        | 136,749        |
| Profit on disposal of fixed assets                                  | (1,354)        | (54,903)       |
| Auditors' remuneration                                              | 28,075         | 24,850         |
| Auditors' remuneration for non audit work                           | 8,000          | 7,600          |
| Government grants                                                   | <u>(2,229)</u> | <u>(2,229)</u> |

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

|                                       | 2017          | 2016          |
|---------------------------------------|---------------|---------------|
|                                       | £             | £             |
| Interest on bank loans and overdrafts | 18,199        | 23,782        |
| Hire purchase interest                | 29,435        | 19,765        |
| Finance lease interest                | 4,300         | 6,298         |
|                                       | <u>51,934</u> | <u>49,845</u> |

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

|                                  | 2017           | 2016           |
|----------------------------------|----------------|----------------|
|                                  | £              | £              |
| Current tax:                     |                |                |
| UK corporation tax               | 399,216        | 282,715        |
| Under provision in previous year | -              | 156            |
| Total current tax                | <u>399,216</u> | <u>282,871</u> |
| Deferred tax                     | 7,032          | 57,672         |
| Tax on profit                    | <u>406,248</u> | <u>340,543</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 JULY 2017**

**7. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

|                                                                                             | 2017<br>£        | 2016<br>£        |
|---------------------------------------------------------------------------------------------|------------------|------------------|
| Profit before tax                                                                           | <u>1,991,887</u> | <u>1,597,775</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19.670% (2016 - 20%) | 391,804          | 319,555          |
| Effects of:                                                                                 |                  |                  |
| Capital allowances in excess of depreciation                                                | -                | (39,243)         |
| Depreciation in excess of capital allowances                                                | 4,437            | -                |
| Disallowed expenses                                                                         | 2,975            | 2,403            |
| Under provision in previous year                                                            | -                | 156              |
| Deferred tax movement                                                                       | <u>7,032</u>     | <u>57,672</u>    |
| Total tax charge                                                                            | <u>406,248</u>   | <u>340,543</u>   |

**Tax effects relating to effects of other comprehensive income**

There were no tax effects for the year ended 31 July 2017.

|                                   | Gross<br>£    | 2016<br>Tax<br>£ | Net<br>£      |
|-----------------------------------|---------------|------------------|---------------|
| Revaluation of heritable property | <u>89,204</u> | <u>-</u>         | <u>89,204</u> |

**8. DIVIDENDS**

|                            | 2017<br>£        | 2016<br>£      |
|----------------------------|------------------|----------------|
| Ordinary shares of £1 each |                  |                |
| Interim                    | <u>1,040,000</u> | <u>580,000</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017

9. TANGIBLE FIXED ASSETS

|                          | Heritable<br>property<br>£ | Leasehold<br>improvements<br>£ | Investment<br>property<br>£ |
|--------------------------|----------------------------|--------------------------------|-----------------------------|
| <b>COST OR VALUATION</b> |                            |                                |                             |
| At 1 August 2016         | 2,062,508                  | 691,763                        | 115,500                     |
| Additions                | 9,831                      | -                              | -                           |
| At 31 July 2017          | 2,072,339                  | 691,763                        | 115,500                     |
| <b>DEPRECIATION</b>      |                            |                                |                             |
| At 1 August 2016         | -                          | 334,233                        | -                           |
| Charge for year          | 47,635                     | 34,434                         | -                           |
| Eliminated on disposal   | -                          | -                              | -                           |
| At 31 July 2017          | 47,635                     | 368,667                        | -                           |
| <b>NET BOOK VALUE</b>    |                            |                                |                             |
| At 31 July 2017          | 2,024,704                  | 323,096                        | 115,500                     |
| At 31 July 2016          | 2,062,508                  | 357,530                        | 115,500                     |

|                          | Plant and<br>machinery<br>£ | Furniture<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£ |
|--------------------------|-----------------------------|-----------------------------------|------------------------|-------------|
| <b>COST OR VALUATION</b> |                             |                                   |                        |             |
| At 1 August 2016         | 536,053                     | 1,304,245                         | 1,373,681              | 6,083,750   |
| Additions                | 221,483                     | 135,935                           | 331,900                | 699,149     |
| Disposals                | (53,103)                    | (41,904)                          | (34,699)               | (129,706)   |
| At 31 July 2017          | 704,433                     | 1,398,276                         | 1,670,882              | 6,653,193   |
| <b>DEPRECIATION</b>      |                             |                                   |                        |             |
| At 1 August 2016         | 314,499                     | 921,751                           | 475,580                | 2,046,063   |
| Charge for year          | 59,719                      | 114,660                           | 207,480                | 463,928     |
| Eliminated on disposal   | (40,664)                    | (41,219)                          | (21,678)               | (103,561)   |
| At 31 July 2017          | 333,554                     | 995,192                           | 661,382                | 2,406,430   |
| <b>NET BOOK VALUE</b>    |                             |                                   |                        |             |
| At 31 July 2017          | 370,879                     | 403,084                           | 1,009,500              | 4,246,763   |
| At 31 July 2016          | 221,554                     | 382,494                           | 898,101                | 4,037,687   |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017

9. TANGIBLE FIXED ASSETS - continued

Included in the valuation of heritable property is heritable land of £417,899 (2016: £417,889) which is not depreciated.

A formal revaluation of heritable property was carried out on 21 July 2016 by Graham and Sibbald, Chartered Surveyors on an existing use basis at £2,035,000. If the heritable property was sold at this valuation, no tax charge would arise.

Included in heritable property is property with a fair value of £502,508 which forms security against the bank borrowings used to purchase the property.

The investment properties are held for use under operating leases. The investment properties are valued by the directors at values which represent their opinion of the fair value.

Cost or valuation at 31 July 2017 is represented by:

|                   | Heritable<br>property<br>£ | Leasehold<br>improvements<br>£ | Investment<br>property<br>£ |
|-------------------|----------------------------|--------------------------------|-----------------------------|
| Valuation in 1997 | -                          | -                              | 10,702                      |
| Valuation in 2003 | -                          | -                              | 58,800                      |
| Valuation in 2005 | -                          | -                              | 10,500                      |
| Valuation in 2006 | 482,598                    | -                              | -                           |
| Valuation in 2009 | 17,208                     | -                              | (8,684)                     |
| Valuation in 2011 | (138,377)                  | -                              | -                           |
| Valuation in 2014 | (213,418)                  | -                              | -                           |
| Valuation in 2016 | (4,414)                    | -                              | -                           |
| Cost              | 1,928,742                  | 691,763                        | 44,182                      |
|                   | <u>2,072,339</u>           | <u>691,763</u>                 | <u>115,500</u>              |

|                   | Plant and<br>machinery<br>£ | Furniture<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£      |
|-------------------|-----------------------------|-----------------------------------|------------------------|------------------|
| Valuation in 1997 | -                           | -                                 | -                      | 10,702           |
| Valuation in 2003 | -                           | -                                 | -                      | 58,800           |
| Valuation in 2005 | -                           | -                                 | -                      | 10,500           |
| Valuation in 2006 | -                           | -                                 | -                      | 482,598          |
| Valuation in 2009 | -                           | -                                 | -                      | 8,524            |
| Valuation in 2011 | -                           | -                                 | -                      | (138,377)        |
| Valuation in 2014 | -                           | -                                 | -                      | (213,418)        |
| Valuation in 2016 | -                           | -                                 | -                      | (4,414)          |
| Cost              | 704,433                     | 1,398,276                         | 1,670,882              | 6,438,278        |
|                   | <u>704,433</u>              | <u>1,398,276</u>                  | <u>1,670,882</u>       | <u>6,653,193</u> |

If heritable properties had not been revalued they would have been included at the following historical cost:

|                        | 2017<br>£        | 2016<br>£        |
|------------------------|------------------|------------------|
| Cost                   | <u>1,928,742</u> | <u>1,918,911</u> |
| Aggregate depreciation | <u>446,861</u>   | <u>411,123</u>   |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017

9. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

|                          | Plant and<br>machinery<br>£ | Furniture<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£ |
|--------------------------|-----------------------------|-----------------------------------|------------------------|-------------|
| <b>COST OR VALUATION</b> |                             |                                   |                        |             |
| At 1 August 2016         | 189,250                     | 79,460                            | 1,023,514              | 1,292,224   |
| Additions                | -                           | -                                 | 163,000                | 163,000     |
| Transfer to ownership    | (92,250)                    | -                                 | -                      | (92,250)    |
| At 31 July 2017          | 97,000                      | 79,460                            | 1,186,514              | 1,362,974   |
| <b>DEPRECIATION</b>      |                             |                                   |                        |             |
| At 1 August 2016         | 46,345                      | 37,127                            | 253,578                | 337,050     |
| Charge for year          | 28,388                      | 11,919                            | 167,027                | 207,334     |
| Transfer to ownership    | (56,715)                    | -                                 | -                      | (56,715)    |
| At 31 July 2017          | 18,018                      | 49,046                            | 420,605                | 487,669     |
| <b>NET BOOK VALUE</b>    |                             |                                   |                        |             |
| At 31 July 2017          | 78,982                      | 30,414                            | 765,909                | 875,305     |
| At 31 July 2016          | 142,905                     | 42,333                            | 769,936                | 955,174     |

10. STOCKS

|                  | 2017<br>£ | 2016<br>£ |
|------------------|-----------|-----------|
| Goods for resale | 2,176,651 | 2,033,480 |

Stock recognised in cost of sales during the year as an expense was £17,552,631 (2016 £15,874,531).

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                | 2017<br>£ | 2016<br>£ |
|--------------------------------|-----------|-----------|
| Trade debtors                  | 2,739,537 | 2,729,445 |
| Other debtors                  | 708,477   | 639,267   |
| Prepayments and accrued income | 162,860   | 125,948   |
|                                | 3,610,874 | 3,494,660 |

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                                             | <b>2017</b>             | <b>2016</b>             |
|-------------------------------------------------------------|-------------------------|-------------------------|
|                                                             | <b>£</b>                | <b>£</b>                |
| Bank loans and overdrafts (see note 14)                     | <b>270,000</b>          | 570,023                 |
| Hire purchase contracts and finance leases<br>(see note 15) | <b>226,631</b>          | 245,339                 |
| Trade creditors                                             | <b>3,874,407</b>        | 3,412,385               |
| Corporation tax payable                                     | <b>399,191</b>          | 282,715                 |
| Social security and other taxes                             | <b>85,411</b>           | 74,845                  |
| VAT                                                         | <b>315,660</b>          | 227,856                 |
| Other creditors                                             | <b>46,720</b>           | 39,100                  |
| Directors' current accounts                                 | <b>53,803</b>           | 102,371                 |
| Accruals and deferred income                                | <b>272,632</b>          | 211,491                 |
|                                                             | <b><u>5,544,455</u></b> | <b><u>5,166,125</u></b> |

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                                             | <b>2017</b>           | <b>2016</b>             |
|-------------------------------------------------------------|-----------------------|-------------------------|
|                                                             | <b>£</b>              | <b>£</b>                |
| Bank loans (see note 14)                                    | <b>281,250</b>        | 551,250                 |
| Hire purchase contracts and finance leases<br>(see note 15) | <b>499,113</b>        | 593,036                 |
|                                                             | <b><u>780,363</u></b> | <b><u>1,144,286</u></b> |

**14. LOANS**

An analysis of the maturity of loans is given below:

|                                                   | <b>2017</b>           | <b>2016</b>           |
|---------------------------------------------------|-----------------------|-----------------------|
|                                                   | <b>£</b>              | <b>£</b>              |
| Amounts falling due within one year or on demand: |                       |                       |
| Bank overdrafts                                   | -                     | 225,023               |
| Bank loans                                        | <b>270,000</b>        | 345,000               |
|                                                   | <b><u>270,000</u></b> | <b><u>570,023</u></b> |
| Amounts falling due between one and two years:    |                       |                       |
| Bank loans - 1-2 years                            | <b><u>281,250</u></b> | <b><u>345,000</u></b> |
| Amounts falling due between two and five years:   |                       |                       |
| Bank loans - 2-5 years                            | <b><u>-</u></b>       | <b><u>206,250</u></b> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

|                              | Hire purchase contracts |                | Finance leases |               |
|------------------------------|-------------------------|----------------|----------------|---------------|
|                              | 2017                    | 2016           | 2017           | 2016          |
|                              | £                       | £              | £              | £             |
| Gross obligations repayable: |                         |                |                |               |
| Within one year              | 224,894                 | 250,617        | 25,980         | 25,980        |
| Between one and five years   | 511,266                 | 595,604        | 9,301          | 35,282        |
|                              | <u>736,160</u>          | <u>846,221</u> | <u>35,281</u>  | <u>61,262</u> |
| Finance charges repayable:   |                         |                |                |               |
| Within one year              | 22,098                  | 26,958         | 2,145          | 4,300         |
| Between one and five years   | 20,931                  | 35,182         | 523            | 2,668         |
|                              | <u>43,029</u>           | <u>62,140</u>  | <u>2,668</u>   | <u>6,968</u>  |
| Net obligations repayable:   |                         |                |                |               |
| Within one year              | 202,796                 | 223,659        | 23,835         | 21,680        |
| Between one and five years   | 490,335                 | 560,422        | 8,778          | 32,614        |
|                              | <u>693,131</u>          | <u>784,081</u> | <u>32,613</u>  | <u>54,294</u> |

|                            | Non-cancellable operating leases |                  |
|----------------------------|----------------------------------|------------------|
|                            | 2017                             | 2016             |
|                            | £                                | £                |
| Within one year            | 15,760                           | 20,960           |
| Between one and five years | 1,086,508                        | 1,401,953        |
| In more than five years    | 1,364,843                        | 1,508,790        |
|                            | <u>2,467,111</u>                 | <u>2,931,703</u> |

Minimum lease payments receivable as follows:-

|                            | Non-cancellable operating leases |               |
|----------------------------|----------------------------------|---------------|
|                            | 2017                             | 2016          |
|                            | £                                | £             |
| Between one and five years | 29,750                           | -             |
| In more than five years    | -                                | 36,750        |
|                            | <u>29,750</u>                    | <u>36,750</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017

16. SECURED DEBTS

The following secured debts are included within creditors:

|                                            | 2017<br>£        | 2016<br>£        |
|--------------------------------------------|------------------|------------------|
| Bank overdraft                             | -                | 225,023          |
| Bank loans                                 | 551,250          | 896,250          |
| Hire purchase contracts and finance leases | 725,744          | 838,375          |
|                                            | <u>1,276,994</u> | <u>1,959,648</u> |

The bank borrowings are secured by a bond and floating charge over all of the company's assets and a standard security over the property concerned.

Finance lease and hire purchase obligations are secured over the assets to which the contracts relate.

17. PROVISIONS FOR LIABILITIES

|                                | 2017<br>£      | 2016<br>£      |
|--------------------------------|----------------|----------------|
| Deferred tax                   |                |                |
| Accelerated capital allowances | 121,382        | 113,484        |
| Revalued property              | 3,899          | 4,765          |
|                                | <u>125,281</u> | <u>118,249</u> |

|                  |          |               |
|------------------|----------|---------------|
| Other provisions | -        | 17,060        |
|                  | <u>-</u> | <u>17,060</u> |

|                   |                |                |
|-------------------|----------------|----------------|
| Aggregate amounts | <u>125,281</u> | <u>135,309</u> |
|-------------------|----------------|----------------|

|                                |  |                      |
|--------------------------------|--|----------------------|
|                                |  | Deferred<br>tax<br>£ |
| Balance at 1 August 2016       |  | 118,249              |
| Accelerated capital allowances |  | 7,898                |
| Revalued property              |  | (866)                |
| Balance at 31 July 2017        |  | <u>125,281</u>       |

18. ACCRUALS AND DEFERRED INCOME

|                            | 2017<br>£    | 2016<br>£    |
|----------------------------|--------------|--------------|
| Deferred government grants | <u>3,715</u> | <u>5,944</u> |

19. CALLED UP SHARE CAPITAL

|                                  |          |                   |                |                |
|----------------------------------|----------|-------------------|----------------|----------------|
| Allotted, issued and fully paid: |          |                   |                |                |
| Number:                          | Class:   | Nominal<br>value: | 2017<br>£      | 2016<br>£      |
| 315,000                          | Ordinary | £1                | <u>315,000</u> | <u>315,000</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2017**

**19. CALLED UP SHARE CAPITAL - continued**

The Ordinary shares have full voting rights.

**20. RESERVES**

|                                      | Retained<br>earnings<br>£ | Non-distributable<br>reserve<br>£ | Totals<br>£      |
|--------------------------------------|---------------------------|-----------------------------------|------------------|
| At 1 August 2016                     | 2,213,836                 | 606,472                           | 2,820,308        |
| Profit for the year                  | 1,585,639                 |                                   | 1,585,639        |
| Dividends                            | (1,040,000)               |                                   | (1,040,000)      |
| Revaluation of fixed assets          | 3,899                     | (3,899)                           | -                |
| Transfer from revaluation<br>reserve | 13,262                    | (13,262)                          | -                |
| At 31 July 2017                      | <u>2,776,636</u>          | <u>589,311</u>                    | <u>3,365,947</u> |

The non-distributable reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset.

**21. PENSION COMMITMENTS**

The company operates defined contribution pension schemes for the directors and staff of the company. The assets of the schemes are held separately from those of the company in independently administered funds. At the balance sheet date, all contributions were paid up to date. The pension cost for the year is £84,535 (2016 £77,652).

**22. RELATED PARTY DISCLOSURES**

J Marshall Jnr, who is a director of the company, is the beneficial owner of 100% of the issued share capital of the company and he is the controlling party.

J Marshall Jnr received £1,040,000 (2016 £580,000) in dividends during the year.

At the balance sheet date, the company owed J Marshall Jnr and J R Marshall, directors of the company, £13,691 (2016 £69,506) and £40,112 (2016 £32,865), respectively. The amounts due are included in other creditors and are interest free, unsecured and have no fixed terms of repayment.

During the year, the company received advances from BBS Pension Fund totalling £200,000 (2016 £350,000). At 31 July 2017 £nil (2016 £nil) is due in respect of loans received from the fund. Interest charged during the year on loans from the pension scheme amounted to £nil (2016 £nil).

During the year, services of £279,087 (2016 £310,148) were provided by an entity under the control of one of the directors.

Key management personnel consist of the directors. See note 4 for disclosure of directors' remuneration.