Report of the Directors and

Audited Financial Statements for the Year Ended 30 June 2016

for

Christian Focus Publications Limited

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for the Year Ended 30 June 2016

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Christian Focus Publications Limited

Company Information
for the Year Ended 30 June 2016

DIRECTORS:	Mr. W H M MacKenzie Mr. H M MacKenzie Mr. K M MacKenzie Mr M Round
REGISTERED OFFICE:	Geanies House Tain Ross-shire IV201TW
REGISTERED NUMBER:	SC059686 (Scotland)
SENIOR STATUTORY AUDITOR:	Alan Taylor FCCA
AUDITORS:	Campbell Dallas LLP Chartered Accountants & Statutory Auditors 23 Carden Place ABERDEEN AB10 1UQ
SOLICITORS:	Ledingham Chalmers Johnstone House 52-54 Rose Street Aberdeen AB10 1HA

Report of the Directors
for the Year Ended 30 June 2016

The directors present their report with the financial statements of the company for the year ended 30 June 2016.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2015 to the date of this report.

Mr. W H M MacKenzie
Mr. H M MacKenzie
Mr. K M MacKenzie
Mr M Round

POLITICAL DONATIONS AND EXPENDITURE
During the year the company made the following charitable donations:

Christian Focus Trust	63,600

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.
This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

BY ORDER OF THE DIRECTORS:



Mr. W H M MacKenzie - Director

31 March 2017

Report of the Independent Auditors to the Members of
Christian Focus Publications Limited

We have audited the financial statements of Christian Focus Publications Limited for the year ended 30 June 2016 on pages five to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 Report of the Directors 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 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Campbell Dallas LLP

Alan Taylor FCCA (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP
Chartered Accountants & Statutory Auditors
23 Carden Place
ABERDEEN
AB10 1UQ

31 March 2017

Profit and Loss Account
for the Year Ended 30 June 2016

	Notes	2016 £	2016 £	2015 £	2015 £
TURNOVER	2		1,468,191		1,364,463
Cost of sales			705,430		671,904
GROSS PROFIT			762,761		692,559
Distribution costs		65,459		70,570	
Administrative expenses		718,535		631,613	
			783,994		702,183
			(21,233)		(9,624)
Other operating income			48,196		64,103
OPERATING PROFIT	3		26,963		54,479
Interest payable and similar charges			79,222		83,535
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(52,259)		(29,056)
Tax on loss on ordinary activities	4		-		-
LOSS FOR THE FINANCIAL YEAR			(52,259)		(29,056)

The notes form part of these financial statements

Statement of Total Recognised Gains and Losses for the Year Ended 30 June 2016

	2016 £	2015 £
LOSS FOR THE FINANCIAL YEAR	(52,259)	(29,056)
Unrealised surplus on revaluation of properties	-	75,000
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(52,259)	45,944

The notes form part of these financial statements

Balance Sheet
30 June 2016

	Notes	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Intangible assets	5		745,833		798,877
Tangible assets	6		15,402		11,402
Investment property	7		3,650,000		3,650,000
			4,411,235		4,460,279
CURRENT ASSETS					
Stocks		1,368,860		1,272,977	
Debtors	8	233,320		183,355	
Prepayments and accrued income		3,685		3,645	
Cash at bank and in hand		809		2,250	
		1,606,674		1,462,227	
CREDITORS					
Amounts falling due within one year	9	2,125,519		1,852,419	
NET CURRENT LIABILITIES			(518,845)		(390,192)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,892,390		4,070,087
CREDITORS					
Amounts falling due after more than one year	10		695,881		821,319
NET ASSETS			3,196,509		3,248,768
CAPITAL AND RESERVES					
Called up share capital	13		1,449,535		1,449,535
Share premium	14		130,000		130,000
Revaluation reserve	14		1,607,840		1,607,840
Capital redemption reserve	14		5,635		5,635
Profit and loss account	14		3,499		55,758
SHAREHOLDERS' FUNDS			3,196,509		3,248,768

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Directors on 31 March 2017 and were signed on its behalf by:

Mr. W ~~H M~~ MacKenzie - Director

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Exemption from preparing a cash flow statement
Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax.

The turnover shown in the profit and loss account represents amounts invoiced during the year, in relation to the printing and publication of Christian books and booklets, exclusive of Valued Added Tax.

Intangible fixed assets
Intangible Assets represent the Origination cost of the artwork, typesetting, colour separation, duplicate film and design of the titles produced by the company. It also includes the cost of preparing books for electronic publication. The list of titles included in the value of Origination is reviewed annually and where a title is not expected to be re-printed the remaining value is written down to a nominal value of £200.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

19% (19%) Reducing balance to residual balance of £200

During the year to 30 June 2015 the directors agreed to increase amortisation of Origination to 19% per annum with effect from 1 July 2014. This reflects the impact of electronic publication, particularly on the value of older titles within Origination.

Origination has been re-analysed to split between titles held at 1 April 2002 and those added since that date.

Tangible fixed assets
Plant and Machinery are depreciated at 10% Straight Line to £50

Computer equipment is depreciated at 25% Straight Line to £100

Motor Vehicles are depreciated at 40% Reducing Balance

Investment property
Investment properties are valued on the basis of the most recent open market valuation. In accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), no depreciation is provided in respect of investment properties. This policy represents a departure from the requirements of the Companies Act 2006 to provide systematic annual depreciation for fixed assets. However, as the majority of the property is held for investment and not consumption, the directors consider the adoption of this policy necessary to give a true and fair view.

Stocks
Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax
Deferred tax is not recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, on the basis that the liability is unlikely to crystallise.

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1. ACCOUNTING POLICIES - continued

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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 the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Sales
Some sales are made on a "Sale or Return" basis. At the end of the period such sales are reviewed and where appropriate a provision made for potential returns.

2. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the company.

An analysis of turnover by geographical market is given below:

	2016	2015
	£	£
United Kingdom	598,322	600,325
United States of America	762,057	656,862
Rest of the World	107,812	107,276
	1,468,191	1,364,463

3. OPERATING PROFIT

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

	2016	2015
	£	£
Depreciation - owned assets	4,686	11,758
Depreciation - assets on hire purchase contracts	1,198	4,118
Loss on disposal of fixed assets	705	-
Patents and licences amortisation	146,721	163,465
Audit work	5,000	4,000
Foreign exchange differences	(9,223)	8,816
Pension costs	5,769	5,334

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3. OPERATING PROFIT - continued

Directors' remuneration and other benefits etc	-	-

4. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2016 nor for the year ended 30 June 2015.

5. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 July 2015	2,337,328
Additions	93,677
At 30 June 2016	2,431,005
AMORTISATION	
At 1 July 2015	1,538,451
Amortisation for year	146,721
At 30 June 2016	1,685,172
NET BOOK VALUE	
At 30 June 2016	745,833
At 30 June 2015	798,877

6. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 July 2015	170,571	9,315	179,886
Additions	4,509	6,470	10,979
Disposals	-	(9,315)	(9,315)
At 30 June 2016	175,080	6,470	181,550
DEPRECIATION			
At 1 July 2015	160,538	7,946	168,484
Charge for year	4,300	1,584	5,884
Eliminated on disposal	-	(8,220)	(8,220)
At 30 June 2016	164,838	1,310	166,148
NET BOOK VALUE			
At 30 June 2016	10,242	5,160	15,402
At 30 June 2015	10,033	1,369	11,402

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6. TANGIBLE FIXED ASSETS - continued

The net book value of tangible fixed assets includes £4,792 in respect of assets held under hire purchase contracts.

7. INVESTMENT PROPERTY

	Total £
COST OR VALUATION	
At 1 July 2015 and 30 June 2016	3,650,000
NET BOOK VALUE	
At 30 June 2016	3,650,000
At 30 June 2015	3,650,000

Cost or valuation at 30 June 2016 is represented by:

	£
Valuation in 2008	638,455
Valuation in 2012	894,385
Valuation in 2015	75,000
Cost	2,042,160
	3,650,000

If Geanies Estate had not been revalued it would have been included at the following historical cost:

	2016 £	2015 £
Cost	2,042,160	2,042,160

Geanies Estate was valued on an interim basis on 30 March 2016 by Savills.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	222,238	175,833
Other debtors	11,082	7,522
	233,320	183,355

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank loans and overdrafts	512,106	476,582
Hire purchase contracts	1,867	-
Trade creditors	285,874	131,889
Amounts owed to group undertakings	60,200	-
Taxation and social security	7,410	6,255
Other creditors	1,258,062	1,237,693
	2,125,519	1,852,419

continued...

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Bank loans	692,926	821,319
Hire purchase contracts	2,955	-
	695,881	821,319

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	152,073	254,276

11. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2016	2015
	£	£
Expiring:		
Within one year	1,488	-
Between one and five years	-	1,488
	1,488	1,488

12. SECURED DEBTS

The following secured debts are included within creditors:

	2016	2015
	£	£
Bank overdrafts	383,712	356,253
Bank loans	821,320	941,648
	1,205,032	1,297,901

Bank borrowing is secured as follows:

Standard security over investment properties.

Floating charge over assets and undertakings of the company.

A guarantee from Balintore Farms for all monies owing to the Bank.

An assignation from the company of two assurance policies.

Letter of postponement granted by the directors, HM MacKenzie, KM MacKenzie and WHM MacKenzie and of £490,000 relating to loans due to related parties with which they are involved.

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13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
1,449,535	Ordinary	£1	1,449,535	1,449,535

14. RESERVES

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 July 2015	55,758	130,000	1,607,840	5,635	1,799,233
Deficit for the year	(52,259)				(52,259)
At 30 June 2016	3,499	130,000	1,607,840	5,635	1,746,974

15. PENSION COMMITMENTS

The company operates a defined pension contribution scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The annual commitment under this scheme based on a percentage of salary of certain employees is for contributions of £5,769 (2015 - £5,334). Included in Creditors are contributions amounting to £754 (2015 - £654) which are due to be paid to the pension company.

16. ULTIMATE PARENT COMPANY

The Christian Focus Trust is regarded by the directors as being the company's ultimate parent company.

Copies of the consolidated accounts for the Christian Charity, The Christian Focus Trust, can be obtained from Geanies House, Tain, Ross-shire, IV20 1TW.

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17. RELATED PARTY DISCLOSURES

The company is 81.37% owned by the charity, The Christian Focus Trust, of which Mr W H M MacKenzie, Mr H M MacKenzie and Mr K M MacKenzie are trustees. It is considered that the directors have control of the company.

The company trades with the partnerships Balintore Farms and RWM & KM MacKenzie & Co under normal commercial terms. The directors, H M MacKenzie, K M MacKenzie and W H MacKenzie are partners in Balintore Farms and RWM MacKenzie (since deceased) was a brother of the directors.

Trade with Balintore Farms includes management charges payable of £82,620, (2015 - £82,620), and £11,845 (2015 - £13,453) relating to the recharge of insurance and sundry costs. Rent receivable from Balintore Farms amounted to £44,196 (2015 - £45,196). In addition there were sundry recharges to Balintore Farms amounting to £6,708 (2015 - £7,434). RWM MacKenzie was also a partner in RWM & KM MacKenzie & Co, together with Mr P H MacKenzie, the son of K M MacKenzie. Services provided by RWM & KM MacKenzie & Co include provision of accountancy services/personnel of £8,384 (2015 - £50,304) and various recharges of £5,972 (2015 - £32,215). Sundry sales/recharges to RWM & KM MacKenzie amounted to £3,149 (2015 - £4,737). Office rental due from RWM & KM MacKenzie & Co was £12,000 (2015 - £12,000).

In addition to the above, there are fund transfers between the company and the partnerships. Net funds (paid to)/received from Balintore Farms are (£3,164) - (2015 - (£6,795)) and (paid to)/received from RWM & KM MacKenzie & Co are (£4,609) - (2015 - (£23,144)).

On 15 April 2014 the directors agreed to assume the liability of Balintore Farms to repay the partnership share of Balintore Holdings Ltd, a company in which the directors, H M MacKenzie, K M MacKenzie and W H MacKenzie are also directors. The effect of this agreement is that the amount due to Balintore Farms by Christian Focus Publications Ltd is reduced by £258,112 and replaced by this amount now due to be paid by Christian Focus Publications Ltd to Balintore Holdings Ltd. No interest is due on the outstanding balance.

On 31 October 2016 the directors agreed that the balance of £556,041, owed to the company by RWM & KM MacKenzie & Co will be transferred to and paid by Balintore Farms.

The net amounts due to Related Parties were as follows;
End of year - £1,120,989
Start of year - £1,105,488

Services to the value of £4,923 (2015 - £4,905) have been provided to the company under normal commercial terms by Morphalex, a business owned by a family member of the director Mr W H M MacKenzie. At the end of the year the company was owed £264 (2015 - £264) by Morphalex, included in Sundry Debtors.

Accountancy services to the value of £8,500 (2015 - £12,000) have been provided to the company under normal commercial terms by Innes and Partners Limited, a company in which Mr P H MacKenzie, the son of K M MacKenzie was a director until 31 August 2016. At the end of the year the company owed £6,500 (2015 - £12,000) to Innes and Partners Limited, which is included in Sundry Creditors. Sundry sales/recharges to Innes and Partners Limited amounted to £7,047 (2015 - £nil). The company also paid £3,600 to Innes and Partners Limited on behalf of it's parent company Christian Focus Trust.

The Company has made gifts to the Parent Charity, Christian Focus Trust, totalling £63,600 (2015 - £1,200).

Christian Focus Trust has made an interest-free short term loan to the Company of £60,000 (2015 - £nil).

Trading and Profit and Loss Account
for the Year Ended 30 June 2016

	2016		2015	
	£	£	£	£
Turnover				
Sales	598,322		600,325	
Rest of the World	107,812		107,276	
USA	762,057		656,862	
		1,468,191		1,364,463
Cost of sales				
Purchases	647,258		604,340	
Wages	58,172		67,564	
		705,430		671,904
GROSS PROFIT		762,761		692,559
Other income				
Rents received	48,196		56,196	
Sundry receipts	-		7,907	
		48,196		64,103
		810,957		756,662
Expenditure				
Packaging	2,019		3,538	
Advertising	7,871		5,561	
Marketing	30,870		30,299	
Exhibitions	24,699		31,172	
Rent	-		1,306	
Rates and water	4,860		4,806	
Insurance	7,815		7,254	
Light and heat	10,633		3,823	
Repairs to property	5,144		9,389	
Wages	216,635		174,865	
Social security	21,008		22,000	
Pensions	5,769		5,334	
Telephone	12,758		9,130	
Post and stationery	24,739		17,303	
Travelling	8,889		7,630	
Motor expenses	5,679		8,424	
Key personnel cover	2,430		2,430	
Entertaining	200		336	
Editorial costs	18,120		13,895	
Accountancy	25,072		58,304	
Management charges	82,620		82,620	
Other professional fees	-		413	
Legal fees	2,820		-	
Auditors' remuneration	5,000		4,000	
Donations	63,600		1,200	
Foreign exchange losses	(9,223)		8,816	
Amortisation of intangible fixed assets				
Patents and licences	146,722		163,464	
Depreciation of tangible fixed assets	5,884		15,877	
Profit/loss on sale of tangible fixed assets	705		-	
Bad debts	37,204		-	
		770,542		693,189
Carried forward		40,415		63,473

Trading and Profit and Loss Account
for the Year Ended 30 June 2016

	2016		2015	
	£	£	£	£
Brought forward		40,415		63,473
Finance costs				
Bank charges	13,452		8,994	
Bank loan interest	79,145		83,065	
Hire purchase	77		470	
		92,674		92,529
NET LOSS		(52,259)		(29,056)