REGISTERED NUMBER: SC059686 (Scotland)

Audited Financial Statements for the Year Ended 30 June 2017

for

Christian Focus Publications Limited

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for the Year Ended 30 June 2017

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Company Information
for the Year Ended 30 June 2017

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 Audit Services Chartered Accountants & Statutory Auditors 23 Carden Place ABERDEEN AB10 1UQ
SOLICITORS:	Ledingham Chalmers Johnstone House 52-54 Rose Street Aberdeen AB10 1HA

Balance Sheet
30 June 2017

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Intangible assets	4		698,747		745,833
Tangible assets	5		17,399		15,402
Investment property	6		2,464,000		3,650,000
			3,180,146		4,411,235
CURRENT ASSETS					
Stocks		1,392,890		1,368,860	
Debtors	7	335,638		233,320	
Prepayments and accrued income		-		3,685	
Cash at bank and in hand		888		809	
		1,729,416		1,606,674	
CREDITORS					
Amounts falling due within one year	8	1,641,880		2,125,519	
NET CURRENT ASSETS/(LIABILITIES)			87,536		(518,845)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,267,682		3,892,390
CREDITORS					
Amounts falling due after more than one year	9		(557,092)		(695,881)
PROVISIONS FOR LIABILITIES			(17,627)		(145,293)
NET ASSETS			2,692,963		3,051,216
CAPITAL AND RESERVES					
Called up share capital	11		1,449,535		1,449,535
Share premium	12		130,000		130,000
Capital redemption reserve	12		5,635		5,635
Retained earnings	12		1,107,793		1,466,046
SHAREHOLDERS' FUNDS			2,692,963		3,051,216

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 26 March 2018 and were signed on its behalf by:

Mr W H M MacKenzie - Director

The notes form part of these financial statements

1. STATUTORY INFORMATION

Christian Focus Publications Limited is a private company, limited by shares , registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The company is 81.37% owned by Christian Focus Trust, located at Geanies House, Tain.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The company transitioned from previously extant UK GAAP to Section 1A "Small Entities" of FRS 102 as at 1 July 2015.

First year adoption of Financial Reporting Standard 102 (FRS 102) Section 1A
These financial statements for the year ended 30 June 2017 are the first that are prepared in accordance with FRS 102 Section 1A. The previous financial statements were prepared in accordance with UK GAAP, the date of transition to FRS 102 Section 1A is 1 July 2015.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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 Value 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:

Assets pre 2002 - 13% (2016: 13%) Reducing balance to residual balance of £200
Assets post 2002 - 19% (2016: 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

Office Equipment are depreciated at 25 % Straight Line to £100.

Motor Vehicles are depreciated at 40% Reducing Balance

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2. **ACCOUNTING POLICIES - continued**

Investment property
Investment properties are valued on the basis of the most recent open market valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

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 is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss 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.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 18 (2016 - 17) .

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4. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 July 2016	2,431,005
Additions	97,190
At 30 June 2017	2,528,195
AMORTISATION	
At 1 July 2016	1,685,172
Amortisation for year	144,276
At 30 June 2017	1,829,448
NET BOOK VALUE	
At 30 June 2017	698,747
At 30 June 2016	745,833

5. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 July 2016	175,080	6,470	181,550
Additions	6,715	-	6,715
At 30 June 2017	181,795	6,470	188,265
DEPRECIATION			
At 1 July 2016	164,838	1,310	166,148
Charge for year	2,654	2,064	4,718
At 30 June 2017	167,492	3,374	170,866
NET BOOK VALUE			
At 30 June 2017	14,303	3,096	17,399
At 30 June 2016	10,242	5,160	15,402

The net book value of tangible fixed assets includes £ 2,875 (2016 - £ 4,792) in respect of assets held under hire purchase contracts.

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6. INVESTMENT PROPERTY

	Total
	£
FAIR VALUE	
At 1 July 2016	3,650,000
Disposals	(714,752)
Revaluations	(471,248)
At 30 June 2017	2,464,000
NET BOOK VALUE	
At 30 June 2017	2,464,000
At 30 June 2016	3,650,000

Fair value at 30 June 2017 is represented by:

	£
Valuation in 2008	513,431
Valuation in 2012	719,244
Valuation in 2015	60,313
Valuation in 2017	(471,248)
Cost	1,642,260
	2,464,000

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

	2017	2016
	£	£
Cost	1,642,259	2,042,160

Geanies Estate was valued on an interim basis on 28 January 2018 by Savills .

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	318,954	222,238
Other debtors	16,684	11,082
	335,638	233,320

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8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts	536,776	512,106
Hire purchase contracts	1,867	1,867
Trade creditors	226,759	285,874
Amounts owed to group undertakings	81,600	60,200
Tax	23,314	-
Social security and other taxes	5,635	7,410
Other creditors	524,854	1,120,989
Accruals and deferred income	241,075	137,073
	1,641,880	2,125,519

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

	2017	2016
	£	£
Bank loans - 1-2 years	145,968	136,923
Bank loans - 2-5 years	320,117	403,930
Bank loans more 5 yr by instal	89,918	152,073
Hire purchase contracts	1,089	2,955
	557,092	695,881

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	89,918	152,073

10. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank overdrafts	399,852	383,712
Bank loans	692,927	821,320
	1,092,779	1,205,032

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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11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
1,449,535	Ordinary	£1	1,449,535	1,449,535

12. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 July 2016	1,466,046	130,000	5,635	1,601,681
Deficit for the year	(358,253)			(358,253)
At 30 June 2017	1,107,793	130,000	5,635	1,243,428

Included within the retained earnings is £821,740 of revaluation reserve which is non-distributable reserves.

13. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Alan Taylor FCCA (Senior Statutory Auditor)
for and on behalf of Campbell Dallas Audit Services

14. 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 £8,292 (2016 - £5,769). Included in Creditors are contributions amounting to £nil (2016 - £754) which are due to be paid to the pension company.

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15. 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 have resigned as trustees and D Laing, D Campbell and D Stuart have been appointed. It is considered that the directors have control of the company.

The company trades with the partnerships Balintore Farms and had traded in prior years with 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 K M MacKenzie was a partner within RWM & KM MacKenzie & Co along with his son Mr P H MacKenzie and RWM MacKenzie (since deceased), who was a brother of the directors.

Trade with Balintore Farms includes management charges payable of £89,505 (2016 - £82,620), and £34,797 (2016 - £11,845) relating to the recharge of insurance and sundry costs. Rent receivable from Balintore Farms amounted to £43,196 (2016 - £44,196). In addition there were sundry recharges to Balintore Farms amounting to £6,395 (2016 - £6,708). Services provided by RWM & KM MacKenzie & Co included provision of accountancy services/personnel in the prior year of £8,384 and various recharges of £5,972. Sundry sales/recharges to RWM & KM MacKenzie amounted to £983 (2016 - £3,149). Office rental due from RWM & KM MacKenzie & Co was £nil (2016 - £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 £10,522 - (2016 - (£3,164)) and (paid to)/received from RWM & KM MacKenzie & Co in the prior year was (£4,609).

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.

During the year, the company sold two-thirds of Geanies House for £650,000 to Balintore Farms and retained the remaining third.

The net amounts due to Related Parties were as follows;
End of year - £524,853
Start of year - £1,120,989

Services to the value of £6,088 (2016 - £4,923) 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 due £2,544 (2016 - (£264)) to Morphalex. The prior year Sundry Debtor balance of £264, has been written off in the year.

Accountancy services to the value of £6,600 (2016 - £8,500) 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 Innes and Partners Limited, £6,600 (2016 - £6,500) which is included in Sundry Creditors, also a balance of £10,213 is due as part of the company's Trade Creditors. Sundry sales/recharges to Innes and Partners Limited amounted to £7,250 (2016 - £7,047).

The Company has made gifts to the Parent Charity, Christian Focus Trust, totalling £25,000 (2016: £63,600).

Christian Focus Trust has made an interest-free short term loan to the Company of £25,000 (2016: £60,000), of which £81,600 is still outstanding at 30 June 2017.

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16. ULTIMATE CONTROLLING PARTY

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.

17. OPERATING LEASES

The following operating lease payments are committed to be paid:

	2017 £	2016 £
Within one year	744	1,488
Between one and five years		744
	744	2,232

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.