

COMPANY REGISTRATION NUMBER: SC093530

John Gordon & Son Limited
Abbreviated Financial Statements
30 June 2016



RITSONS
Chartered Accountants & Statutory Auditor
103 High Street
ELGIN
Moray
IV30 1EB

John Gordon & Son Limited
Abbreviated Financial Statements
Year ended 30 June 2016

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John Gordon & Son Limited

Officers and Professional Advisers

The board of directors

R D Gordon (Chairman)
E A G Gordon
R M Gordon (Joint Managing Director)
P S Gordon (Joint Managing Director)
A M Blanchfield
A McAra
P A G Mackenzie

Registered office

Balblair Road
NAIRN
IV12 5LY

Accountants

Ritsons
Chartered Accountants
& Statutory Auditor
103 High Street
ELGIN
Moray
IV30 1EB

John Gordon & Son Limited

Strategic Report

Year ended 30 June 2016

The directors of the company present their Strategic Report for the year ended 30 June 2016.

The Strategic Report is a statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006 which sets out the Directors' duty to promote the success of the company.

Principal activity

The company's principal activity during the year continued to be the felling, milling and marketing of British timber. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Strategic review

This has been something of a challenging year for the company with a limited demand for sawn timber. The ongoing pressure on raw material costs coupled with currency fluctuations has resulted in margins coming under pressure.

Despite these difficulties the company has remained profitable thanks in no small way to the considerable efforts of our dedicated and talented people.

It is also important to acknowledge the success of building a new office facility to centralise our staff and provide a working environment truly fit for the 21st century.

Principal risks and uncertainties

John Gordon & Son, in common with all businesses, faces a number of operating risks and uncertainties. There are a number of risks that could impact on our long term performance, and steps are taken to understand and evaluate these in order to create long term sustainable returns.

The most fundamental risks faced by the company are if the company fails to comply with regulations in which case regulatory action could increase costs and liabilities or limit our business activities.

Key performance indicators

The key performance indicators are those that communicate the financial performance and strength of the company. In reviewing the performance of the company and to assist in strategic decision-making, the directors review periodic management accounts and information which include departmental turnover and gross profit.

This report was approved by the board of directors on 23 August 2016 and signed on behalf of the board by:



P. S. Gordon
Joint Managing Director

Registered office:
Balblair Road
NAIRN
IV12 5LY

John Gordon & Son Limited

Directors' Report

Year ended 30 June 2016

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

Directors

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

R D Gordon (Chairman)
E A G Gordon
R M Gordon (Joint Managing Director)
P S Gordon (Joint Managing Director)
A M Blanchfield
A McAra
P A G Mackenzie

Dividends

Particulars of recommended dividends are detailed in note 10 to the financial statements.

Disclosure of information in the strategic report

The Strategic Report contains details of the principal activity of the company and an overview which provides detailed information on the company's business during the year.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

John Gordon & Son Limited

Directors' Report *(continued)*

Year ended 30 June 2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 23 August 2016 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'P. S. Gordon', with a long horizontal flourish extending to the right.

P S Gordon
Joint Managing Director

Registered office:
Balblair Road
NAIRN
IV12 5LY

John Gordon & Son Limited

Independent Auditor's Report to John Gordon & Son Limited under section 449 of the Companies Act 2006

Year ended 30 June 2016

We have examined the abbreviated financial statements which comprise the abbreviated statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, together with the financial statements of John Gordon & Son Limited for the year ended 30 June 2016 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company's shareholders 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 shareholders those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated financial statements in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements to the Registrar of Companies and whether the abbreviated financial statements have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated financial statements have been properly prepared in accordance with the regulations made under that section.

Deborah Newton (Senior Statutory Auditor)

For and on behalf of
Ritsons
Chartered Accountants
& Statutory Auditor

103 High Street
ELGIN
Moray
IV30 1EB

23 August '16

John Gordon & Son Limited

Abbreviated Statement of Comprehensive Income

Year ended 30 June 2016

	Note	2016 £	2015 £
Turnover	3	15,824,332	18,165,090
Cost of sales and other operating income		(13,081,882)	(14,781,007)
Distribution costs		(1,690,573)	(1,688,164)
Administrative expenses		(734,317)	(821,420)
Operating profit	4	317,560	874,499
Interest payable and similar charges	8	(22,221)	(22,389)
Profit on ordinary activities before taxation		295,339	852,110
Tax on profit on ordinary activities	9	17	(194,678)
Profit for the financial year and total comprehensive income		<u>295,356</u>	<u>657,432</u>

All the activities of the company are from continuing operations.

John Gordon & Son Limited

Statement of Financial Position

30 June 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	6,861,012	6,729,825
Investments	12	1,501	1,500
		<u>6,862,513</u>	<u>6,731,325</u>
Current assets			
Stocks	13	688,064	854,908
Debtors	14	3,549,961	4,029,243
Cash at bank and in hand		1,086,984	834,388
		<u>5,325,009</u>	<u>5,718,539</u>
Creditors: amounts falling due within one year	15	<u>(3,498,178)</u>	<u>(3,623,047)</u>
Net current assets		<u>1,826,831</u>	<u>2,095,492</u>
Total assets less current liabilities		<u>8,689,344</u>	<u>8,826,817</u>
Creditors: amounts falling due after more than one year	16	–	(140,394)
Provisions	19	<u>(446,536)</u>	<u>(528,220)</u>
Net assets		<u><u>8,242,808</u></u>	<u><u>8,158,203</u></u>
Capital and reserves			
Called up share capital	22	616,662	616,662
Other reserves	23	–	2,645
Profit and loss account	23	7,626,146	7,538,896
Shareholders funds		<u><u>8,242,808</u></u>	<u><u>8,158,203</u></u>

These abbreviated accounts have been prepared in accordance with the special provisions of section 445(3) Companies Act 2006 in regard to medium-sized companies.

These abbreviated financial statements were approved by the board of directors and authorised for issue on 23 August 2016, and are signed on behalf of the board by:



R M Gordon (Joint Managing Director)
Director

Company registration number: SC093530

John Gordon & Son Limited

Statement of Changes in Equity

Year ended 30 June 2016

	Called up share capital £	Other reserves £	Profit and loss account £	Total £
At 1 July 2014	616,662	2,645	7,064,089	7,683,396
Profit for the year	—	—	657,432	657,432
Total comprehensive income for the year	—	—	657,432	657,432
Dividends paid and payable 10	—	—	(182,625)	(182,625)
Total investments by and distributions to owners	—	—	(182,625)	(182,625)
At 30 June 2015	616,662	2,645	7,538,896	8,158,203
Profit for the year	—	—	295,356	295,356
Total comprehensive income for the year	—	—	295,356	295,356
Dividends paid and payable 10	—	—	(210,751)	(210,751)
Transfer to profit and loss account	—	(2,645)	2,645	—
Total investments by and distributions to owners	—	(2,645)	(208,106)	(210,751)
At 30 June 2016	<u>616,662</u>	<u>—</u>	<u>7,626,146</u>	<u>8,242,808</u>

John Gordon & Son Limited

Statement of Cash Flows

Year ended 30 June 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	295,356	657,432
<i>Adjustments for:</i>		
Depreciation of tangible assets	842,650	868,697
Interest payable and similar charges	22,221	22,389
Loss/(gains) on disposal of tangible assets	932	(81,581)
Tax on profit on ordinary activities	(17)	194,678
Accrued (income)/expenses	(94,596)	42,985
<i>Changes in:</i>		
Stocks	166,844	(197,123)
Trade and other debtors	479,282	349,369
Trade and other creditors	242,055	(634,987)
Cash generated from operations	1,954,727	1,221,859
Interest paid	(22,221)	(22,389)
Tax paid	(124,190)	(135,654)
Net cash from operating activities	<u>1,808,316</u>	<u>1,063,816</u>
Cash flows from investing activities		
Purchase of tangible assets	(979,020)	(844,620)
Proceeds from sale of tangible assets	4,251	153,729
Purchases of other investments	(1)	—
Net cash used in investing activities	<u>(974,770)</u>	<u>(690,891)</u>
Cash flows from financing activities		
Payments of finance lease liabilities	(370,199)	(380,984)
Dividends paid	(210,751)	(212,595)
Net cash used in financing activities	<u>(580,950)</u>	<u>(593,579)</u>
Net increase/(decrease) in cash and cash equivalents	252,596	(220,654)
Cash and cash equivalents at beginning of year	834,388	1,055,042
Cash and cash equivalents at end of year	<u>1,086,984</u>	<u>834,388</u>

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements

Year ended 30 June 2016

1. Statement of compliance

These abbreviated accounts have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

The company is a private company limited by shares and is incorporated and domiciled in Scotland. The address of its registered office is Balblair Road, Nairn.

2. Accounting policies

Basis of preparation

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

The directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The company's functional and presentation currency is the pound sterling.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 July 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 27.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements *(continued)*

Year ended 30 June 2016

2. Accounting policies *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

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

Plant & Machinery	- 15-20% Reducing balance
Motor Vehicles	- 25% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements *(continued)*

Year ended 30 June 2016

2. Accounting policies *(continued)*

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

The company operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3. Turnover

Turnover arises from:

	2016	2015
	£	£
Sale of goods	<u>15,824,332</u>	<u>18,165,090</u>

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements *(continued)*

Year ended 30 June 2016

4. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	842,650	868,697
Loss/(gains) on disposal of tangible assets	932	(81,581)
Foreign exchange differences	(267)	277
Defined contribution plans expense	55,314	133,986

5. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	12,000	12,000
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	8,292	6,927

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No.	2015 No.
Production staff	79	86
Management staff	17	15
	96	101

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	2,595,352	2,863,295
Social security costs	262,019	262,216
Other pension costs	(55,314)	(133,986)
	2,912,685	3,259,497

Contributions outstanding at the year end amounted to £8,704 (2015 - £8,500) and are included within other creditors.

7. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	223,207	221,094
Company contributions to defined contribution pension plans	—	80,000
	223,207	301,094

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements *(continued)*

Year ended 30 June 2016

7. Directors' remuneration *(continued)*

The number of directors who accrued benefits under company pension plans was as follows:

	2016 No.	2015 No.
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016 £	2015 £
Aggregate remuneration	112,029	109,940
Company contributions to defined contribution pension plans	<u>—</u>	<u>40,000</u>
	<u>112,029</u>	<u>149,940</u>

8. Interest payable and similar charges

	2016 £	2015 £
Interest on bank loans and overdrafts	—	30
Interest on obligations under finance leases and hire purchase contracts	22,221	22,359
	<u>22,221</u>	<u>22,389</u>

9. Tax on profit on ordinary activities

Major components of tax (income)/expense

	2016 £	2015 £
Current tax:		
UK current tax expense	81,667	124,190
Adjustments in respect of prior periods	<u>—</u>	<u>1,743</u>
Total current tax	<u>81,667</u>	<u>125,933</u>
Deferred tax:		
Origination and reversal of timing differences	(1,348)	68,745
Impact of change in tax rate	<u>(80,336)</u>	<u>—</u>
Total deferred tax	<u>(81,684)</u>	<u>68,745</u>
Tax on profit on ordinary activities	<u>(17)</u>	<u>194,678</u>

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements *(continued)*

Year ended 30 June 2016

9. Tax on profit on ordinary activities *(continued)*

Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.75%).

	2016 £	2015 £
Profit on ordinary activities before taxation	295,339	852,110
Profit on ordinary activities by rate of tax	59,068	176,813
Effect of expenses not deductible for tax purposes	17,642	(9,342)
Effect of capital allowances and depreciation	9,577	(36,169)
Marginal rate tax relief	–	(1,677)
Amortisation of Government Grants	(4,620)	(5,435)
Under/(over) provision re prior years	–	1,743
Tax on profit on ordinary activities	81,667	125,933

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £	2015 £
Equity dividends on ordinary shares re current year	210,751	182,625

Dividends proposed after the year end and not recognised as a liability:

	2016 £	2015 £
Equity dividends on ordinary shares re current year	100,833	150,715

11. Tangible assets

	Heritable property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 July 2015	1,382,448	15,496,237	189,235	17,067,920
Additions	606,397	349,923	22,700	979,020
Disposals	–	–	(21,251)	(21,251)
At 30 June 2016	1,988,845	15,846,160	190,684	18,025,689
Depreciation				
At 1 July 2015	–	10,247,599	90,496	10,338,095
Charge for the year	–	814,183	28,467	842,650
Disposals	–	–	(16,068)	(16,068)
At 30 June 2016	–	11,061,782	102,895	11,164,677
Carrying amount				
At 30 June 2016	1,988,845	4,784,378	87,789	6,861,012
At 30 June 2015	1,382,448	5,248,638	98,739	6,729,825

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements *(continued)*

Year ended 30 June 2016

11. Tangible assets *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 30 June 2016	<u>1,722,991</u>
At 30 June 2015	<u>2,042,247</u>

12. Investments

	Other investments other than loans £
Cost	
At 1 July 2015	1,500
Additions	<u>1</u>
At 30 June 2016	<u>1,501</u>
Impairment	
At 1 Jul 2015 and 30 Jun 2016	<u>—</u>
Carrying amount	
At 30 June 2016	<u>1,501</u>
At 30 June 2015	<u>1,500</u>

13. Stocks

	2016 £	2015 £
Raw materials	148,940	207,310
Finished goods	<u>539,124</u>	<u>647,598</u>
	<u>688,064</u>	<u>854,908</u>

14. Debtors

	2016 £	2015 £
Trade debtors	3,405,142	3,863,804
Prepayments and accrued income	<u>144,819</u>	<u>165,439</u>
	<u>3,549,961</u>	<u>4,029,243</u>

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements *(continued)*

Year ended 30 June 2016

15. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	2,447,517	2,207,741
Accruals and deferred income	422,962	540,657
Corporation tax	81,667	124,190
Social security and other taxes	396,406	371,233
Obligations under finance leases and hire purchase contracts	140,394	370,199
Other creditors	9,232	9,027
	<u>3,498,178</u>	<u>3,623,047</u>

Securities granted

The bank overdraft, as and when required, is secured by a bond and floating charge over all the assets of the company. Obligations under hire purchase and finance leases are secured on the assets concerned.

16. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Obligations under finance leases and hire purchase contracts	—	140,394

Securities granted

The bank overdraft, as and when required, is secured by a bond and floating charge over all the assets of the company.

Obligations under hire purchase and finance leases are secured on the assets concerned.

17. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2016 £	2015 £
Not later than 1 year	140,394	370,199
Later than 1 year and not later than 5 years	—	140,394
	<u>140,394</u>	<u>510,593</u>

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements *(continued)*

Year ended 30 June 2016

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 18)	<u>446,536</u>	<u>528,220</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	(1,348)	68,745
Deferred tax - change in tax rate	<u>(80,336)</u>	<u>—</u>
	<u>(81,684)</u>	<u>68,745</u>

19. Provisions

	Deferred tax (note 17) £
At 1 July 2015	528,220
Change in tax rate	(80,336)
Accelerated capital allowances	<u>(1,348)</u>
At 30 June 2016	<u>446,536</u>

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £55,314 (2015: £133,986).

21. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2016 £	2015 £
Recognised in creditors:		
Deferred government grants due within one year	<u>130,894</u>	<u>153,993</u>

22. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>616,662</u>	<u>616,662</u>	<u>616,662</u>	<u>616,662</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

John Gordon & Son Limited

Notes to the Abbreviated Financial Statements *(continued)*

Year ended 30 June 2016

23. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

A transfer of £2,645 was made at 30 June 2016 to include a historic gain made on the disposal of an asset that had previously been included as other reserves.

24. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2016	2015
	£	£
Tangible assets	—	117,078

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than 1 year	2,925	—
Later than 1 year and not later than 5 years	—	8,775
	<u>2,925</u>	<u>8,775</u>

26. Related party transactions

The company was under the control of the directors throughout the year. The related parties are the directors.

During the year dividends of £210,751 were paid to the directors.

27. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 July 2014.

No transitional adjustments were required in equity or profit or loss for the year.