

Company Registration No. 00191194 (England and Wales)

KEPSTON LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

THURSDAY



A5YWELNN

A25

26/01/2017

#133

COMPANIES HOUSE

KEPSTON LIMITED

COMPANY INFORMATION

Directors Mr B D Millage
Mrs A S Taylor

Secretary Mrs A S Taylor

Company number 00191194

Registered office Unit 1
Coppice Lane
Aldridge
Walsall
West Midlands
WS9 9AA

Auditor Edwards
34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ

KEPSTON LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 20

KEPSTON LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report for the year ended 30 June 2016.

Fair review of the business

The principal and continuing activities of the company are jig and general grinding, furnace brazing and heat treatment.

The company was pleased to report another profitable year, although there was a near 6% decrease in the gross profit margin due to a downturn in the aerospace industry. Substantial investments in both capital and personnel have been made in order to boost future performance. The directors are also hopeful that the market will recover in the coming months. Operating profit was £203,373 compared with £734,917 in 2015 and this was mainly attributable to the decrease in the gross profit margin.

At 30 June 2016 the company had shareholders' funds of £3,892,503, distributable reserves of £3,811,504 and current assets in excess of its current liabilities by £1,354,289. The directors therefore believe the company's position at the year end to be satisfactory.

Principal risks and uncertainties

The directors have assessed the main risk facing the company to be continued competitive pressure on volumes and margins. The directors remain committed to mitigating this risk and developing business further through continued investment in people, the efficiency of company operations and by consistently developing innovative customer focused solutions. The policy of the company will continue to be that of providing the very highest standards and best possible service to its customers to develop business in line with that required to support the range of products it provides.

Key performance indicators

Key performance indicators are used to measure and evaluate company performance against targets and monitor various activities throughout the company. The main key performance indicators employed in the company are:

- Turnover levels (by product and market)
- Profit/(loss) levels (contribution, gross margin and net margin)
- Debtor days

The board monitor these on a monthly basis against budgets.

On behalf of the board



Mr B.D. Millage

Director

18 January 2017

KEPSTON LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B D Millage
Mrs A S Taylor

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Edwards, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr B D Millage

Director

18 January 2017

KEPSTON LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

The directors are responsible for preparing the annual 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 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.

KEPSTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEPSTON LIMITED

We have audited the financial statements of Kepston Limited for the year ended 30 June 2016 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

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

KEPSTON LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF KEPSTON LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David Webb FCA (Senior Statutory Auditor)
for and on behalf of Edwards

18 January 2017

Chartered Accountants
Statutory Auditor

34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ

KEPSTON LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	2015 £
Turnover	2	3,985,124	4,415,876
Cost of sales		(2,398,201)	(2,376,531)
Gross profit		1,586,923	2,039,345
Distribution costs		(165,643)	(152,871)
Administrative expenses		(1,217,907)	(1,151,557)
Operating profit	3	203,373	734,917
Interest receivable and similar income	6	2,872	2,045
Interest payable and similar charges	7	(25,027)	(28,324)
Profit before taxation		181,218	708,638
Taxation	8	(19,704)	(132,595)
Profit for the financial year		161,514	576,043

The profit and loss account has been prepared on the basis that all operations are continuing operations.

KEPSTON LIMITED

BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	10		3,261,009		3,295,376
Current assets					
Debtors	12	1,218,313		1,096,960	
Cash at bank and in hand		925,010		1,143,286	
		2,143,323		2,240,246	
Creditors: amounts falling due within one year	13	(789,034)		(1,000,057)	
Net current assets			1,354,289		1,240,189
Total assets less current liabilities			4,615,298		4,535,565
Creditors: amounts falling due after more than one year	14		(368,795)		(456,566)
Provisions for liabilities	18		(354,000)		(343,000)
Net assets			3,892,503		3,735,999
Capital and reserves					
Called up share capital	20		39,784		40,118
Capital redemption reserve			41,215		40,881
Profit and loss reserves			3,811,504		3,655,000
Total equity			3,892,503		3,735,999

The financial statements were approved by the board of directors and authorised for issue on 18 January 2017 and are signed on its behalf by:


Mr B D Millage
Director

Company Registration No. 00191194

KEPSTON LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2014		40,118	40,881	3,078,957	3,159,956
Year ended 30 June 2015:					
Profit for the year		-	-	576,043	576,043
Balance at 30 June 2015		40,118	40,881	3,655,000	3,735,999
Year ended 30 June 2016:					
Profit for the year		-	-	161,514	161,514
Redemption of shares	20	-	334	-	334
Reduction of shares	20	(334)	-	(5,010)	(5,344)
Balance at 30 June 2016		39,784	41,215	3,811,504	3,892,503

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

Company information

Kepston Limited is a company limited by shares incorporated in England and Wales. The registered office is Unit 1, Coppice Lane, Aldridge, Walsall, West Midlands, WS9 9AA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 June 2016 are the first financial statements of Kepston Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Kepston Holdings Limited. These consolidated financial statements are available from its registered office, Unit 1, Coppice Lane, Aldridge, Walsall, West Midlands, WS9 9AA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts.

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

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

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings freehold	2% straight line
Plant and machinery	10% - 25% reducing balance
Fixtures, fittings and equipment	10% - 25% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Cash and cash equivalents

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

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

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

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Relevant transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Sales	3,985,124	4,415,876
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	2,872	2,045
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2016 £	2015 £
United Kingdom	3,971,786	4,396,792
Europe	13,338	19,084
	<u> </u>	<u> </u>
	3,985,124	4,415,876
	<u> </u>	<u> </u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

3 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	12,375	13,375
Depreciation of owned tangible fixed assets	206,390	204,030
Depreciation of tangible fixed assets held under finance leases	122,395	68,607
Loss on disposal of tangible fixed assets	1,143	5,232
Operating lease charges	81,375	75,608

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Production	45	45
Administration	20	19
	65	64

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,701,625	1,647,978
Social security costs	151,936	148,183
Pension costs	56,643	55,833
	1,910,204	1,851,994

5 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	88,196	89,202
Company pension contributions to defined contribution schemes	3,500	3,322
	91,696	92,524

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

6 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	2,856	2,045
Other interest income	16	-
Total income	<u>2,872</u>	<u>2,045</u>

7 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and loans	3,676	8,584
Interest on finance leases and hire purchase contracts	21,351	19,740

8 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	8,704	50,595
Deferred tax		
Origination and reversal of timing differences	11,000	82,000
Total tax charge	<u>19,704</u>	<u>132,595</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	<u>181,218</u>	<u>708,638</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	36,244	147,042
Tax effect of expenses that are not deductible in determining taxable profit	306	1,306
Permanent capital allowances in excess of depreciation	(27,846)	(96,612)
Deferred tax	11,000	82,000
Marginal relief	-	(980)
Transition adjustments	-	(161)
Tax expense for the year	<u>19,704</u>	<u>132,595</u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2015 and 30 June 2016	211,766
Amortisation and impairment	
At 1 July 2015 and 30 June 2016	211,766
Carrying amount	
At 30 June 2016	-
At 30 June 2015	-

10 Tangible fixed assets

	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2015	492,034	4,470,337	451,133	99,073	5,512,577
Additions	-	262,598	1,665	87,234	351,497
Disposals	-	-	-	(98,573)	(98,573)
At 30 June 2016	492,034	4,732,935	452,798	87,734	5,765,501
Depreciation and impairment					
At 1 July 2015	70,332	1,742,582	373,721	30,566	2,217,201
Depreciation charged in the year	6,780	294,904	9,917	17,184	328,785
Eliminated in respect of disposals	-	-	-	(41,494)	(41,494)
At 30 June 2016	77,112	2,037,486	383,638	6,256	2,504,492
Carrying amount					
At 30 June 2016	414,922	2,695,449	69,160	81,478	3,261,009
At 30 June 2015	421,702	2,727,755	77,412	68,507	3,295,376

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

10 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	1,018,318	875,029
Motor vehicles	81,477	68,006
	<u>1,099,795</u>	<u>943,035</u>
Depreciation charge for the year in respect of leased assets	<u>122,395</u>	<u>68,607</u>

11 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>1,072,565</u>	<u>1,008,974</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>1,021,000</u>	<u>1,299,019</u>

12 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	824,692	836,101
Amounts due from fellow group undertakings	247,873	172,873
Prepayments and accrued income	145,748	87,986
	<u>1,218,313</u>	<u>1,096,960</u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

13 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	15	-	44,385
Obligations under finance leases	16	182,435	173,110
Trade creditors		461,915	591,641
Corporation tax		8,704	46,302
Other taxation and social security		64,825	59,133
Other creditors		7,855	33,317
Accruals and deferred income		63,300	52,169
		<u>789,034</u>	<u>1,000,057</u>

Net obligations under hire purchase contracts are secured on the assets to which they relate.

14 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	15	-	120,424
Obligations under finance leases	16	368,795	336,142
		<u>368,795</u>	<u>456,566</u>

Net obligations under hire purchase contracts are secured on the assets to which they relate.

15 Loans and overdrafts

	2016 £	2015 £
Bank loans	-	164,215
Bank overdrafts	-	594
	<u>-</u>	<u>164,809</u>
Payable within one year	-	44,385
Payable after one year	-	120,424

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

16 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	182,435	173,110
In two to five years	368,795	336,142
	<u>551,230</u>	<u>509,252</u>

17 Provisions for liabilities

	2016 £	2015 £
Deferred tax liabilities	354,000	343,000
	<u>354,000</u>	<u>343,000</u>

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	<u>354,000</u>	<u>343,000</u>
Movements in the year:		2016 £
Liability at 1 July 2015		343,000
Charge to profit or loss		11,000
Liability at 30 June 2016		<u>354,000</u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

19 Retirement benefit schemes

	2016	2015
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	56,643	55,833

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

The unpaid contributions outstanding at 30 June 2016, included in other creditors are £7,808 (2015 - £6,276).

20 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
39,784 (2015 - 40,118) Ordinary shares of £1 each	39,784	40,118

In July 2015, the company repurchased 334 of their own shares for a total consideration of £5,010.

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	102,743	78,581
Between two and five years	105,085	85,931
	207,828	164,512

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2016	2015
	£	£
Acquisition of property, plant and equipment	37,973	29,531

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

23 Controlling party

Mr B D Millage is considered to be the ultimate controlling party by virtue of his controlling interest in the issued share capital of Kepston Holdings Limited, the immediate and ultimate controlling party.

24 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

Reconciliation of equity

		1 July 2014 £	30 June 2015 £
Equity as reported under previous UK GAAP and under FRS 102		3,177,156	3,735,999
Holiday pay accrual	1	(21,500)	-
Corporation tax	2	4,300	-
		<u>3,159,956</u>	<u>3,735,999</u>

Reconciliation of profit for the financial period

	Notes	2015 £
Profit as reported under previous UK GAAP		558,843
Adjustments arising from transition to FRS 102:		
Holiday pay accrual	1	21,500
Corporation tax	2	(4,300)
Profit reported under FRS 102		<u>576,043</u>

Notes to reconciliations on adoption of FRS 102

1-Holiday pay accrual

Under FRS102, the company is required to accrue for all costs relating to holiday entitlement earned but not taken at the balance sheet date.

2-Corporation tax

Taxation adjustments have arisen based upon the amendments to profit and loss via the holiday pay accrual adjustment.