

Parent AA's for

BCH ESTATES HOLDINGS
LIMITED

465893

H.W. COATES (HOLDINGS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



H.W. COATES (HOLDINGS) LIMITED

COMPANY INFORMATION

DIRECTORS	M H A Coates G G Coates T H Coates G W Ball R Perry M G M Coates R L Morris (appointed 6 October 2016)
COMPANY SECRETARY	R L Morris
REGISTERED NUMBER	07107882
REGISTERED OFFICE	Ladywood House Ladywood Works Leicester Road Lutterworth Leicestershire LE17 4HD
INDEPENDENT AUDITORS	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 11 Merus Court Meridian Business Park Leicester LE19 1RJ

H.W. COATES (HOLDINGS) LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 7
Consolidated Profit and Loss Account	8
Consolidated Balance Sheet	9 - 10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12 - 13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15 - 16
Notes to the Financial Statements	17 - 44

H.W. COATES (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report on the Group for the year ended 31 December 2016.

BUSINESS REVIEW

The principal activity of the Company is that of a holding company.

The Group is principally engaged in warehousing and distribution. There has been no significant change in the Group's activities during the year.

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

In 2016 we continued to focus on our core market of the warehousing and transport of packaged chemicals. This market has been the long term focus of the Group and it is envisaged that it will continue to be so for many years to come.

In line with this focus we continued to invest in our vehicle fleet and in our warehouses. We have undertaken sales activity, trained and invested in our staff and met regulatory requirements.

Of particular note in 2016 was considerable effort by our health and safety team to ensure the Group complied - and continues to comply - with the new SEVESO requirements. This team also renewed the safety cases at a number of its Top Tier COMAH sites.

Our overall turnover for the year was £48,531,642 up from £45,413,540 in 2015. Our operating profit increased from £8,269,431 to £10,400,498.

FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

We measure our performance using a variety of key performance indicators. Of most importance to the Group are sales and profit, as reported above.

We also keep track of our cash at bank and in hand. In the course of 2016 cash decreased from £12,691,099 to £5,354,009 reflecting increased investment in line with our stated policies.

The Group continued to have no bank borrowings, hire purchase or other outside finance.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties that could have a material impact on the Group's performance.

The macro-economic background in which we operate has been broadly stable in 2016. If the wider economy does fall then this would have a negative effect on our business.

Of factors more under our control, we face the risk of loss of customers. This would have the effect of reducing sales and so profit. We aim to mitigate this risk by providing a good service and keeping customer accounts under review.

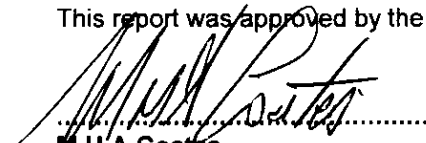
Where costs increase, for example the price of diesel, this has the effect of lowering profits. We aim to minimise these cost increases wherever possible.

With these risks and uncertainties in mind it has been the Group's policy to maintain positive cash balances. We assess risks periodically and adjust Group plans accordingly.

H.W. COATES (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

This report was approved by the board and signed on its behalf.



.....
M H A Coates
Director

Date: 10 May 2017

H.W. COATES (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation and non-controlling interests, amounted to £21,288,854 (2015 - £9,758,798).

Particulars of dividends paid are detailed in note 12 to the financial statements.

DIRECTORS

The directors who served during the year were:

M H A Coates
G G Coates
T H Coates
G W Ball
R Perry
M G M Coates
R L Morris (appointed 6 October 2016)

FUTURE DEVELOPMENTS

An indication of likely future developments is included within the business review set out on page 1.

H.W. COATES (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments comprise of cash, the main purpose of which is to provide finance for its normal trading operations and for future investment. The Group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations. The main risks arising from the Group's financial instruments are liquidity and credit risks. The group has clear policies for managing each of these risks, as summarised below.

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generation by its operations and applying debtor collection targets.

Credit risk

The risk of financial loss due to counterparty's failure to honour its obligations arises principally in relation to transactions where the Group provides goods or services on deferred credit terms. Group policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the Group's exposure to bad debts is not significant.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the Group has been continued through internal media methods through which employees' views can be sought on issues which concern them. Throughout the Group there is close consultation between management and other employees on appropriate matters of concern, with a view to keeping employees informed about the progress of the Group's business and the economic factors affecting it.

DISABLED EMPLOYEES

The Group gives full consideration to applications from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

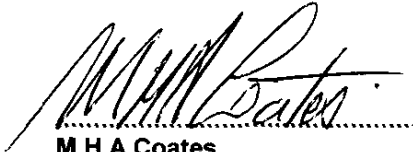
POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

H.W. COATES (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

This report was approved by the board and signed on its behalf.



M H A Coates
Director

Date: 10 May 2017

Ladywood House
Ladywood Works
Leicester Road
Lutterworth
Leicestershire
LE17 4HD

H.W. COATES (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF H.W. COATES (HOLDINGS) LIMITED

We have audited the financial statements of H.W. Coates (Holdings) Limited for the year ended 31 December 2016, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 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 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 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 Financial Reporting Council'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 Group's and the parent 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 Group Strategic Report and the Directors' 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 Group's and the parent Company's affairs as at 31 December 2016 and of the Group's 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.

H.W. COATES (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF H.W. COATES (HOLDINGS) LIMITED

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



Robert Nelson BA FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditors

11 Merus Court

Meridian Business Park

Leicester

LE19 1RJ

Date: 17 / 5 / 17

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	3	48,531,642	45,413,540
Cost of sales		(32,128,748)	(31,332,144)
GROSS PROFIT		16,402,894	14,081,396
Administrative expenses		(6,002,396)	(5,811,965)
OPERATING PROFIT	4	10,400,498	8,269,431
Income from participating interests		4,491	-
Exceptional items	13	4,496,192	-
Fair value movements		9,226,905	3,501,616
Interest receivable	8	99,298	90,798
Interest payable	9	(58,391)	(28,291)
Other finance expense		(177,333)	(191,000)
PROFIT BEFORE TAXATION		23,991,660	11,642,554
Tax on profit	11	(2,600,040)	(1,796,664)
PROFIT FOR THE YEAR		21,391,620	9,845,890
Actuarial (loss)/gain on defined benefit pension scheme		(3,520,000)	1,010,000
Movement of deferred tax relating to pension deficit		704,200	(202,000)
OTHER COMPREHENSIVE (EXPENDITURE)/INCOME FOR THE YEAR		(2,815,800)	808,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		18,575,820	10,653,890
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Non-controlling interests		102,766	87,092
Owners of the parent Company		21,288,854	9,758,798
		21,391,620	9,845,890
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Non-controlling interest		102,766	87,092
Owners of the parent Company		18,473,054	10,566,798
		18,575,820	10,653,890

The notes on pages 17 to 44 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER:07107882

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

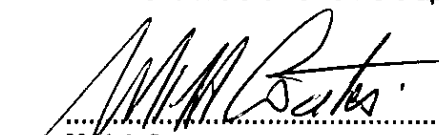
	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	15	2,718,060	2,723,080
Tangible assets	16	36,841,396	37,288,371
Investments	17	24,491	-
Investment property	18	53,978,964	29,245,468
		<u>93,562,911</u>	<u>69,256,919</u>
CURRENT ASSETS			
Stocks	19	2,403,440	1,203,316
Debtors: amounts falling due within one year	20	12,445,548	9,292,472
Cash at bank and in hand	21	5,354,009	12,691,099
		<u>20,202,997</u>	<u>23,186,887</u>
Creditors: amounts falling due within one year	22	(10,253,674)	(11,027,669)
NET CURRENT ASSETS		<u>9,949,323</u>	<u>12,159,218</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>103,512,234</u>	<u>81,416,137</u>
Creditors: amounts falling due after more than one year	23	(900,000)	(900,000)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>102,612,234</u>	<u>80,516,137</u>
Pension liability	30	(8,302,177)	(4,705,000)
NET ASSETS		<u><u>94,310,057</u></u>	<u><u>75,811,137</u></u>

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER:07107882

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
CAPITAL AND RESERVES			
Called up share capital	26	100	100
Revaluation reserve	27	19,014,299	12,088,886
Merger reserve	27	13,121,074	13,121,074
Profit and loss account	27	62,112,776	50,565,135
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		94,248,249	75,775,195
Non-controlling interests		61,808	35,942
		94,310,057	75,811,137

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
M H A Coates
Director

Date: 10 May 2017


The notes on pages 17 to 44 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER:07107882

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investments	17	<u>1</u>	<u>1</u>
		1	1
CURRENT ASSETS			
Debtors: amounts falling due within one year	20	<u>5,099</u>	<u>5,099</u>
		5,099	5,099
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,100</u>	<u>5,100</u>
NET ASSETS		<u>5,100</u>	<u>5,100</u>
CAPITAL AND RESERVES			
Called up share capital	26	100	100
Profit and loss account	27	<u>5,000</u>	<u>5,000</u>
		<u>5,100</u>	<u>5,100</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
M H A Coates
Director

Date: 10 May 2017

The notes on pages 17 to 44 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £	Revaluation reserve £	Merger reserve £	Retained earnings £	Equity attributable to owners of parent Company £	Non-controlling interests £	Total equity £
At 1 January 2016	100	12,088,886	13,121,074	50,565,135	75,775,195	35,942	75,811,137
COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	21,288,854	21,288,854	102,766	21,391,620
Actuarial losses on pension scheme	-	-	-	(2,815,800)	(2,815,800)	-	(2,815,800)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	18,473,054	18,473,054	102,766	18,575,820
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS							
Transfer from profit and loss account	-	6,925,413	-	(6,925,413)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	(76,900)	(76,900)
TOTAL TRANSACTIONS WITH OWNERS	-	6,925,413	-	(6,925,413)	-	(76,900)	(76,900)
At 31 December 2016	100	19,014,299	13,121,074	62,112,776	94,248,249	61,808	94,310,057

The notes on pages 17 to 44 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Revaluation reserve £	Merger reserve £	Retained earnings £	Equity attributable to owners of parent Company £	Non-controlling interests £	Total equity £
At 1 January 2015	100	8,587,270	13,121,074	48,622,953	70,331,397	16,331	70,347,728
COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	9,758,798	9,758,798	87,092	9,845,890
Profit for the year	-	-	-	808,000	808,000	-	808,000
Actuarial gains on pension scheme	-	-	-	10,566,798	10,566,798	87,092	10,653,890
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	10,566,798	10,566,798	87,092	10,653,890
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS							
Dividends: Equity capital	-	-	-	(5,123,000)	(5,123,000)	-	(5,123,000)
Transfer from profit and loss account	-	3,501,616	-	(3,501,616)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	(67,911)	(67,911)
Arising on business combination	-	-	-	-	-	430	430
TOTAL TRANSACTIONS WITH OWNERS	-	3,501,616	-	(8,624,616)	(5,123,000)	(67,481)	(5,190,481)
At 31 December 2015	100	12,088,886	13,121,074	50,565,135	75,775,195	35,942	75,811,137

The notes on pages 17 to 44 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2016	100	5,000	5,100
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	-
At 31 December 2016	100	5,000	5,100

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2015	100	5,000	5,100
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	5,123,000	5,123,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	5,123,000	5,123,000
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS			
Dividends: Equity capital	-	(5,123,000)	(5,123,000)
TOTAL TRANSACTIONS WITH OWNERS	-	(5,123,000)	(5,123,000)
At 31 December 2015	100	5,000	5,100

The notes on pages 17 to 44 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	21,391,620	9,845,890
ADJUSTMENTS FOR:		
Amortisation of intangible assets	383,206	364,392
Depreciation of tangible assets	2,129,982	2,040,851
Exceptional items	(4,496,192)	-
Profit on disposal of tangible assets	(829,254)	(100,367)
Interest paid	58,391	28,291
Interest received	(99,298)	(90,798)
Taxation charge in P&L	2,600,040	1,796,664
Increase in stocks	(1,200,124)	(7,894)
Increase in debtors	(478,509)	(135,127)
(Decrease)/increase in creditors	(924,428)	72,574
Decrease in provisions	-	(89,473)
(Increase)/decrease in net pension liability	(1,614,000)	218,000
Net fair value gains recognised in P&L	(9,226,905)	(3,501,616)
Share of operating profit in associates	(4,491)	-
Corporation tax paid	(2,058,448)	(1,367,567)
NET CASH GENERATED FROM OPERATING ACTIVITIES	5,631,590	9,073,820
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of subsidiary	(9,358,218)	(327,450)
Purchase of tangible fixed assets	(4,783,086)	(1,768,619)
Sale of tangible fixed assets	342,651	172,565
Purchase of investment properties	-	(41,056)
Sale of investment properties	3,255,107	-
Purchase of share in associates	(20,000)	-
Interest received	99,298	90,798
Income from investments in related companies	4,491	-
NET CASH FROM INVESTING ACTIVITIES	(10,459,757)	(1,873,762)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans (repaid to)/issued by directors	(2,373,637)	3,305,521
Dividends paid	-	(5,123,000)
Interest paid	(58,391)	(28,291)
Dividends paid to non controlling interests	(76,895)	(67,911)
NET CASH USED IN FINANCING ACTIVITIES	(2,508,923)	(1,913,681)

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,337,090)	5,286,377
Cash and cash equivalents at beginning of year	12,691,099	7,404,722
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	5,354,009	12,691,099
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	5,354,009	12,691,099
	5,354,009	12,691,099

The notes on pages 17 to 44 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 COMPANY INFORMATION

The entity is a private company limited by shares, which is incorporated in England and Wales. The registered office is Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention as modified by the recognition of investment properties at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

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

The Group's functional and presentational currency is British Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the Group's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of H.W. Coates (Holdings) Limited and its subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.4 ASSOCIATES

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Profit and Loss Account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.5 REVENUE

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.6 OPERATING LEASE: LESSEE

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.7 OPERATING LEASE: LESSOR

Rentals received under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.8 INTEREST INCOME

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)**1.9 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.10 INTANGIBLE ASSETS**GOODWILL**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss Account over its useful economic life.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Goodwill	-	10% straight line per annum
----------	---	-----------------------------

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.11 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following bases:

Freehold property	- 1% straight line per annum
Long leasehold property	- Over life of lease
Plant and equipment	- 10% straight line per annum
Motor vehicles	- 10% - 25% straight line per annum
Depot and office equipment	- 10% - 25% straight line per annum
Forklift trucks	- 14.3% - 20% straight line per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Profit and Loss Account.

1.12 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

1.13 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by the directors and derived using an average price per square foot on an existing use basis applied to the square footage areas of properties. These are adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and Loss Account.

1.14 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress includes labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)**1.15 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.16 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.17 CREDITORS

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

1.18 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at transaction price, net of transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

1.19 PENSIONS

DEFINED CONTRIBUTION PENSION PLANS

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plans are held separately from the Group in independently administered funds.

DEFINED BENEFIT PENSION PLANS

The Group also operates three defined benefit plans for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)**1.20 DIVIDENDS**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of intangible fixed assets

The directors consider that the useful economic life of the goodwill included within these financial statements cannot be reliably measured. As a result, the directors have adopted the maximum useful economic life allowed under FRS 102. See note 15 for the carrying amount of goodwill, and note 1.10 for the useful economic life.

(ii) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 16 for the carrying amount of the tangible fixed assets, and note 1.11 for the useful economic lives for each class of assets.

(iii) Fair value of investment property

The fair value of the investment properties is sensitive to changes in the current market. The fair value adjustments have no effect on tax charges, dividends proposed or directors' remuneration and are therefore purely an accounting exercise to comply with FRS 102. In the opinion of the directors, fair value can be measured reliably by the directors and seeking an external professional valuation would incur significant undue costs.

(iv) Defined benefit pension schemes valuation

The valuation for the Group's three Defined Benefit Pension Schemes is recognised in the Balance Sheet as a liability. This is the present value of the defined benefit obligations at the balance sheet date less the fair value of the plan assets. This is sensitive to change in the assumptions made by the actuaries who have been appointed to value the schemes. See note 30 for the assumptions made for the pension commitments, and note 1.19 for the pension accounting policies.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Sale of goods	2,601,536	3,009,223
Transport and warehouse services	39,493,250	37,226,173
Rent	5,891,978	4,774,668
Other	544,878	403,476
	<u>48,531,642</u>	<u>45,413,540</u>

All turnover arose within the United Kingdom.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	2,129,982	2,040,851
Profit on disposal of fixed assets	(829,254)	(100,367)
Amortisation of goodwill	383,206	364,392
Operating lease rentals	<u>709,160</u>	<u>342,921</u>

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. AUDITORS' REMUNERATION

	2016	2015
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	6,500	5,725
	6,500	5,725
FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:		
The auditing of accounts of subsidiaries	15,350	18,650
Taxation compliance services	5,900	4,150
All other non-audit services not included above	17,900	13,700
	39,150	36,500

Fees payable to the Group's auditor and its associates in connection with the Company's pension scheme(s) in respect of:

	2016	2015
	£	£
The auditing of accounts of the schemes	9,150	6,100
	9,150	6,100

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	9,153,602	9,028,851
Social security costs	887,474	826,468
Pension costs	110,920	76,962
Defined benefit pension scheme current service costs	321,000	385,000
	10,472,996	10,317,281

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

	2016 No.	2015 No.
Drivers and warehouse	232	230
Managers and office staff	99	97
Working directors	7	6
TOTAL	338	333

7. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	869,735	787,357
Company contributions to defined contribution pension schemes	55,505	47,526
	925,240	834,883

During the year retirement benefits were accruing to 4 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £371,784 (2015 - £324,164).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £35,363 (2015 - £30,688).

8. INTEREST RECEIVABLE

	2016 £	2015 £
Interest receivable	99,298	90,798
	99,298	90,798

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. INTEREST PAYABLE

	2016	2015
	£	£
Other similar charges	18,936	3,549
Directors loan interest	39,455	24,742
	58,391	28,291

10. OTHER FINANCE EXPENSE

	2016	2015
	£	£
Net interest on defined benefit pension schemes	177,333	191,000
	177,333	191,000

11. TAXATION

	2016	2015
	£	£
CORPORATION TAX		
Current tax on profits for the year	2,201,350	1,814,075
Adjustments in respect of previous periods	(54,377)	-
TOTAL CURRENT TAX	2,146,973	1,814,075
DEFERRED TAX		
Origination and reversal of timing differences	(103,333)	26,589
Defined benefit pension scheme	556,400	(44,000)
TOTAL DEFERRED TAX	453,067	(17,411)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	2,600,040	1,796,664

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	23,991,660	11,642,554
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	4,798,332	2,357,617
EFFECTS OF:		
Non-tax deductible amortisation of goodwill	76,641	73,789
Expenses not deductible for tax purposes	(110,807)	262,583
Fair value adjustments not deductible for tax purposes	(2,616,247)	(972,300)
Depreciation for year in excess of capital allowances	74,155	60,053
Effect of rate changes	-	(9,848)
Adjustments to tax charge in respect of prior periods	(54,378)	-
Capital gains	308,036	-
Other differences leading to an increase in the tax charge	124,308	24,795
Marginal relief	-	(25)
TOTAL TAX CHARGE FOR THE YEAR	2,600,040	1,796,664

From 1 April 2015, the main rate of corporation tax in the UK decreased to 20%.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The group has capital losses, available to use against future capital gains, carried forward as at 31 December 2016 of £nil (2015 - £697,147).

12. DIVIDENDS

	2016 £	2015 £
Dividends paid on ordinary share capital	-	5,123,000
	-	5,123,000

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. EXCEPTIONAL ITEMS

	2016 £	2015 £
Negative goodwill written off to Profit and Loss Account	4,496,192	-
	<u>4,496,192</u>	<u>-</u>

14. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent Company for the year was £Nil (2015 - £5,123,000).

15. INTANGIBLE ASSETS**Group and Company**

	Goodwill £	Negative goodwill £	Total £
COST			
At 1 January 2016	4,214,800	(669,969)	3,544,831
Additions	-	(4,118,006)	(4,118,006)
Disposals	-	4,787,975	4,787,975
At 31 December 2016	<u>4,214,800</u>	<u>-</u>	<u>4,214,800</u>
AMORTISATION			
At 1 January 2016	1,113,534	(291,783)	821,751
Charge for the year	383,206	-	383,206
On disposals	-	291,783	291,783
At 31 December 2016	<u>1,496,740</u>	<u>-</u>	<u>1,496,740</u>
NET BOOK VALUE			
At 31 December 2016	<u>2,718,060</u>	<u>-</u>	<u>2,718,060</u>
At 31 December 2015	<u>3,101,266</u>	<u>(378,186)</u>	<u>2,723,080</u>

H.W. COATES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold property £	Plant and equipment £	Motor vehicles £	Depot and office equipment £	Forklift trucks £	Total £
COST OR VALUATION							
At 1 January 2016	31,183,341	2,865,555	4,968,087	7,766,220	223,603	2,377,923	49,384,729
Additions	1,896,295	-	706,359	1,454,999	101,444	623,989	4,783,086
Transfers to investment property	(3,319,200)	-	-	-	-	-	(3,319,200)
Acquisition of subsidiary	-	-	149,605	24,506	500	-	174,611
Disposals	(1,120)	-	(930,491)	(1,140,069)	(130,084)	(466,938)	(2,668,702)
At 31 December 2016	29,759,316	2,865,555	4,893,560	8,105,656	195,463	2,534,974	48,354,524
DEPRECIATION							
At 1 January 2016	3,327,250	489,813	2,071,303	4,653,505	66,886	1,487,601	12,096,358
Charge for the period	264,572	27,132	543,341	959,159	51,962	283,816	2,129,982
Transfers to investment property	(156,359)	-	-	-	-	-	(156,359)
Disposals	(793)	-	(919,607)	(1,045,462)	(130,064)	(460,927)	(2,556,853)
At 31 December 2016	3,434,670	516,945	1,695,037	4,567,202	(11,216)	1,310,490	11,513,128
NET BOOK VALUE							
At 31 December 2016	26,324,646	2,348,610	3,198,523	3,538,454	206,679	1,224,484	36,841,396
At 31 December 2015	27,856,091	2,375,742	2,896,784	3,112,715	156,717	890,322	37,288,371

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. TANGIBLE FIXED ASSETS (CONTINUED)

Land with a value of £5,224,329 (2015 - £5,485,049) is included in freehold property and is not depreciated.

17. FIXED ASSET INVESTMENTS**Group**

	Investments in associates £
COST OR VALUATION	
Additions	20,000
Share of profit	4,491
At 31 December 2016	<u>20,000</u>
NET BOOK VALUE	
At 31 December 2016	<u>24,491</u>
At 31 December 2015	<u>-</u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
H.W. Coates Limited	Ordinary	100 %	Warehousing and distribution
The Hazchem Network Limited	Ordinary	84.05 %	Pallet network specialising in chemical goods
C&V Data Management Services Limited	Ordinary	90 %	Document storage facilities
L & R Storage Limited	Ordinary	90 %	Document storage facilities
Bond Estates Holdings Limited	Ordinary	99.99 %	Holding company Property investment, development and management
Bond Estates Limited	Ordinary	99.99 %	

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. FIXED ASSET INVESTMENTS (CONTINUED)

Name	Registered office
H.W. Coates Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD
The Hazchem Network Limited	18 Gladiator Way, Glebe Farm Industrial Estate, Rugby, CV21 1RX
L & R Storage Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD
C&V Data Management Services Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD
Bond Estates Holdings Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD
Bond Estates Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD

PARTICIPATING INTERESTS

The following were associated undertakings of the Company:

ASSOCIATES

Name	Registered office	Class of shares	Principal Holding	Principal activity
Archive File Management UK Limited	Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD	Ordinary	50%	Digital archiving services

Company

	Investments in subsidiary companies £
COST AND NET BOOK VALUE	
At 1 January 2016	1
At 31 December 2016	1

The Company acquired its shareholdings in the subsidiary and associated companies as part of a share-for-share transfer during a group reconstruction. The investment represents the nominal value of the shares issued at £0.00001 per share.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. FIXED ASSET INVESTMENTS (CONTINUED)

All the group companies prepared their accounts to 31 December in the current year and have been included in the consolidation. The Hazchem Network Limited No. 04970333, L & R Storage Limited No. 04350013, C&V Data Management Services Limited No. 04119487, Bond Estates Holdings Limited No. 00465893 and Bond Estates Limited No. 01591981 have taken exemption from audit under S479A of the Companies Act 2006. In accordance with this subsection, H.W. Coates (Holdings) Limited has given a guarantee as set out in S479C over the liabilities of all these companies.

18. INVESTMENT PROPERTY**Group**

	Freehold investment property £
VALUATION	
At 1 January 2016	29,245,468
Disposals	(2,656,250)
Surplus on revaluation	9,226,905
Transfer from tangible fixed assets	3,162,841
On acquisition of subsidiaries	15,000,000
AT 31 DECEMBER 2016	53,978,964

Freehold investment properties were revalued to fair value as at 31 December 2016. The valuation was completed by the directors using an average price per square foot on an existing use basis applied to the square footage areas of investment properties. The average price per square foot was calculated using the directors' knowledge of the current property market, and a desktop report prepared by Savills (UK) Limited.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £	2015 £
Historic cost	34,983,180	17,175,099
	34,983,180	17,175,099

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. STOCKS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Finished goods and diesel	632,494	872,842	-	-
Assets in the course of construction	1,770,946	330,474	-	-
	2,403,440	1,203,316	-	-

Stock recognised in cost of sales during the year as an expense was £3,999,483 (2015 - £4,459,280).

20. DEBTORS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	9,912,227	7,117,289	-	-
Amounts owed by group undertakings	-	-	5,000	5,000
Other debtors	112,289	300,859	99	99
Prepayments and accrued income	1,081,992	1,064,331	-	-
Deferred taxation	1,339,040	809,993	-	-
	12,445,548	9,292,472	5,099	5,099

21. CASH AND CASH EQUIVALENTS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	5,354,009	12,691,099	-	-
	5,354,009	12,691,099	-	-

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

22. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	1,966,238	1,468,004	-	-
Corporation tax	1,315,063	1,172,161	-	-
Taxation and social security	1,042,408	847,698	-	-
Other creditors	3,492,925	5,758,758	-	-
Accruals and deferred income	2,437,040	1,781,048	-	-
	<u>10,253,674</u>	<u>11,027,669</u>	<u>-</u>	<u>-</u>

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other loans	900,000	900,000	-	-
	<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>-</u>

Included within creditors falling due after more than one year is an amount of £900,000 (2015 - £900,000) in respect of liabilities which fall due for payment after more than five years from the balance sheet date. No interest is charged on this loan.

24. FINANCIAL INSTRUMENTS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
FINANCIAL ASSETS				
Financial assets that are debt instruments measured at amortised cost	10,030,255	7,422,329	5,099	5,099
	<u>10,030,255</u>	<u>7,422,329</u>	<u>5,099</u>	<u>5,099</u>

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

24. FINANCIAL INSTRUMENTS (CONTINUED)

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(7,015,654)	(8,945,090)	-	-
	(7,015,654)	(8,945,090)	-	-

Group financial assets measured at amortised cost comprise trade debtors of £9,912,227 (2015 - £7,117,289), accrued income of £5,739 (2015 - £4,181) and other debtors £112,289 (2015 - £300,859). Company financial assets measured at amortised cost comprise amounts owed by group of £5,000 (2015 - £5,000) and other debtors of £99 (2015 - £99).

Group financial liabilities measured at amortised cost comprise trade creditors of £1,966,238 (2015 - £1,468,004), other creditors of £3,492,925 (2015 - £5,758,758), accruals of £656,491 (2015 - £818,328) and other loans of £900,000 (2015 - £900,000).

25. DEFERRED TAXATION**Group**

	2016 £
At beginning of year	809,993
Charged to the Profit and Loss Account	(454,263)
Credited to Other Comprehensive Income	704,200
Asset on acquisition	279,110
AT END OF YEAR	1,339,040

The net reversal of the deferred tax asset expected to occur in the year to 31 December 2017 is £200,000. The deferred tax liability on accelerated capital allowances is expected to increase, largely due to the availability of Annual Investment Allowance in the UK. Other short term timing differences are expected to remain at a similar level to the current year. The deferred tax asset on defined benefit pensions is expected to reverse at a similar rate to that of this year as the company continues to reduce the pension liability.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

25. DEFERRED TAXATION (CONTINUED)

The deferred tax asset is made up as follows:

	Group 2016 £	Group 2015 £
Accelerated capital allowances	(323,625)	(268,743)
Tax losses carried forward	-	139,429
Pension provision	1,661,400	940,653
Other short term timing differences	1,265	(1,346)
	<u>1,339,040</u>	<u>809,993</u>

26. SHARE CAPITAL

	2016 £	2015 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
10,000,000 Ordinary shares of £0.00001 each	<u>100</u>	<u>100</u>

Each ordinary share has equal voting and distribution rights, including repayment of capital in the event of winding up.

27. RESERVES**Revaluation reserve**

Includes all current and prior period revaluations of investment properties to fair value. Revaluations are recognised in profit or loss in the year they occur and are then transferred from the Profit and Loss Account to the Revaluation Reserve. Any amounts debited or credited to the revaluation reserve are not allowable as an expense or income for tax purposes. All amounts are non-distributable.

Merger Reserve

Includes all balances arising on previous business combinations which were accounted for using merger accounting. All amounts are non-distributable.

Profit and loss account

Includes all current and prior period retained profits and losses. All amounts are distributable.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

28. BUSINESS COMBINATIONS

Acquisition of Bond Estates Holdings Limited:

99.99% of the share capital of Bond Estates Holdings Limited was acquired during 2016 and has been accounted for using the acquisition method.

	Book value £	Fair value £
FIXED ASSETS		
Tangible fixed assets	174,611	174,611
Investment property	15,000,000	15,000,000
	15,174,611	15,174,611
CURRENT ASSETS		
Debtors	717,397	717,397
Cash at bank and in hand	91,145	91,145
TOTAL ASSETS	15,983,153	15,983,153
CREDITORS		
Due within one year	(938,607)	(938,607)
Defined benefit pension scheme liability	(1,477,177)	(1,477,177)
FAIR VALUE OF NET ASSETS	13,567,369	13,567,369
Goodwill	(4,118,006)	(4,118,006)
TOTAL PURCHASE CONSIDERATION	9,449,363	9,449,363
Purchase consideration settled in cash, as above	9,449,363	9,449,363
Cash and cash equivalents in subsidiary acquired	(91,145)	(91,145)
CASH OUTFLOW ON ACQUISITION	9,358,218	9,358,218

On acquisition there were no adjustments to the book value of Bond Estates Holdings Limited's assets and liabilities to fair value.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

28. BUSINESS COMBINATIONS (CONTINUED)

The results of Bond Estates Holdings Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	<u>783,026</u>
Profit for the period	<u>408,302</u>

29. CAPITAL COMMITMENTS

At 31 December 2016 the Group and Company had capital commitments as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Contracted for but not provided in these financial statements	<u>3,269,243</u>	<u>2,908,257</u>	<u>-</u>	<u>-</u>
	<u>3,269,243</u>	<u>2,908,257</u>	<u>-</u>	<u>-</u>

H.W. COATES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

30. PENSION COMMITMENTS

The Group operates defined contribution stakeholder pension schemes.

The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the fund and amounted to £301,740 (2015 - £179,177). Contributions totalling £21,120 (2015 - £19,450) were payable to the funds at the balance sheet date.

The Group operates three defined benefit pension schemes.

The schemes are UK-based and are closed to new entrants. The most recent full funding assessments were at 6 April 2015 for the Firmin Coates Limited Retirement Benefits Scheme, at 1 September 2015 for the H.W. Coates Limited Retirement Benefits Scheme and at 1 October 2014 for the Bond Estates Holdings Limited Pension Fund. The method used to obtain the present value of scheme liabilities was an approximate conversion and update of the last full funding assessments.

Reconciliation of present value of plan liabilities:

	2016 £	2015 £
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	24,049,000	24,684,000
Current service cost	321,000	385,000
Interest expense	1,318,000	877,000
Actuarial losses/(gains)	7,445,000	(1,243,000)
Benefits paid	(1,496,000)	(654,000)
On acquisition of subsidiary	10,782,177	-
AT THE END OF THE YEAR	42,419,177	24,049,000

	2016 £	2015 £
RECONCILIATION OF PRESENT VALUE OF PLAN ASSETS		
At the beginning of the year	19,344,000	19,187,000
Interest income	1,200,000	686,000
Actuarial gains/(losses)	3,818,000	(233,000)
Contributions	1,946,000	358,000
Benefits paid	(1,496,000)	(654,000)
On acquisition of subsidiary	9,305,000	-
AT THE END OF THE YEAR	(34,117,000)	(19,344,000)

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

30. PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

	2016 %	2015 %
Equities (including property)	70	86
Bonds	19	11
Cash	11	3
TOTAL PLAN ASSETS	100	100
	2016 £	2015 £
Fair value of plan assets	34,117,000	19,344,000
Present value of plan liabilities	(42,419,177)	(24,049,000)
NET PENSION SCHEME LIABILITY	(8,302,177)	(4,705,000)

The amounts recognised in profit or loss are as follows:

	2016 £	2015 £
Current service cost	321,000	385,000
Net interest expense	177,333	191,000
TOTAL	498,333	576,000
Actual return on scheme assets	5,018,000	453,000
	5,018,000	453,000

The cumulative amount of actuarial losses recognised in the Profit and Loss Account was £9,422,000 (2015 - £5,902,000).

The Group expects to contribute £890,000 to its defined benefit pension schemes in 2017.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

30. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2016	2015
	%	%
Discount rate	2.6	3.90
Consumer price inflation	2.6	2.30
Future pension increases for pensions in payment	2.7	2.30
Future pension increases for deferred pensions	2.6	2.30
Assuming retirement at age 65, the life expectancies in years are as follows:		
For a male aged 65 now	21.2	21.2
At 65 for a male aged 45 now	22.7	23.0
For a female aged 65 now	23.3	23.6
At 65 for a female member aged 45 now	25.0	25.5

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

31. COMMITMENTS PAYABLE UNDER OPERATING LEASES

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Not later than 1 year	299,474	420,351	-	-
Later than 1 year and not later than 5 years	817,766	1,017,520	-	-
Later than 5 years	-	95,716	-	-
Total	1,117,240	1,533,587	-	-

32. COMMITMENTS RECEIVABLE UNDER OPERATING LEASES

At 31 December 2016 the Group and the Company had future minimum lease payments receivable under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Not later than 1 year	3,890,351	3,892,783	-	-
Later than 1 year and not later than 5 years	6,793,864	6,654,794	-	-
Later than 5 years	3,235,003	1,992,497	-	-
Total	13,919,218	12,540,074	-	-

33. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under FRS 102 33.1A not to disclose transactions with wholly owned subsidiaries of the Group.

	2016 £	2015 £
Dividends paid to key management personnel	-	3,502,945
Loans due to key management personnel	1,810,844	4,184,481
Interest charged by key management personnel	20,479	13,364
Dividends paid to other related parties	-	1,620,055
Loans due to other related parties	1,649,577	1,524,272
Interest charged by other related parties	18,977	11,377

Total key management personnel compensation for the year was £1,019,754 (2015 - £925,281).

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

34. CONTROLLING PARTY

The controlling parties are M H A Coates and G G Coates.