

Registered number: 00817040

FRIEDMAN'S LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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COMPANIES HOUSE

FRIEDMAN'S LIMITED

COMPANY INFORMATION

DIRECTORS

D S Kaitiff
H M Kaitiff
V E Langford

COMPANY SECRETARY

H M Kaitiff

REGISTERED NUMBER

00817040

REGISTERED OFFICE

Unit E 3 Tudor Road
Altrincham Business Park
Cheshire
WA14 5RZ

INDEPENDENT AUDITOR

PKF Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

BANKERS

Bank of Scotland
19-21 Spring Gardens
Manchester
M2 1FB

FRIEDMAN'S LIMITED

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FRIEDMAN'S LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year continued to be that of importing and selling textiles.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £961,128 (2016: £683,395).

During the year the Company paid a dividend of £535,000 (2016: £430,000) and the Directors do not recommend the payment of a final dividend.

DIRECTORS

The Directors who served during the year were:

D S Kaitiff
H M Kaitiff
V E Langford

DISCLOSURE OF INFORMATION TO AUDITOR

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's Auditor is 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's Auditor is aware of that information.

SMALL COMPANIES NOTE

In preparing this report, the Directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

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


D S Kaitiff
Director

Date:

6/8/18

FRIEDMAN'S LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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'. 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 for the Company'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 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 to 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.

FRIEDMAN'S LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRIEDMAN'S LIMITED

OPINION

We have audited the Financial Statements of Friedman's Limited (the 'Company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, the Balance Sheet and the related notes, including a summary of significant accounting policies. 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

OPINION ON OTHER MATTERS 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 Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters in relation to which 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.
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 2, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

FRIEDMAN'S LIMITED

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

USE OF OUR REPORT

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.

PKF Cooper Parry Group Limited

Steven Ellis (Senior Statutory Auditor)

for and on behalf of
PKF Cooper Parry Group Limited

Chartered Accountants
Statutory Auditors

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA
Date: *8 August 2018*

FRIEDMAN'S LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	5,052,999	4,555,172
Cost of sales		(2,869,639)	(2,659,228)
Gross profit		2,183,360	1,895,944
Administrative expenses		(1,148,482)	(1,049,991)
Exceptional administrative expenses	12	122,111	-
Operating profit	5	1,156,989	845,953
Interest payable and expenses	9	(3,661)	(2,656)
Profit before tax		1,153,328	843,297
Tax on profit	10	(192,200)	(159,902)
Profit after tax		<u>961,128</u>	<u>683,395</u>
Retained earnings at the beginning of the year		2,889,269	2,635,874
Profit for the year		961,128	683,395
Dividends declared and paid	11	(535,000)	(430,000)
Retained earnings at the end of the year		<u>3,315,397</u>	<u>2,889,269</u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the Profit and Loss Account.

The notes on pages 8 to 22 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	43,426	43,393
Tangible assets	14	175,614	102,399
		<u>219,040</u>	<u>145,792</u>
Current assets			
Stocks	15	761,658	860,243
Debtors: amounts falling due within one year	16	2,289,535	2,246,591
Cash at bank and in hand		849,262	556,026
		<u>3,900,455</u>	<u>3,662,860</u>
Creditors: amounts falling due within one year	17	(741,320)	(863,434)
Net current assets		<u>3,159,135</u>	<u>2,799,426</u>
Total assets less current liabilities		<u>3,378,175</u>	<u>2,945,218</u>
Creditors: amounts falling due after more than one year	18	(15,237)	(8,408)
Provisions for liabilities			
Deferred tax	20	(17,441)	(17,441)
Other provisions	21	(25,000)	(25,000)
		<u>(42,441)</u>	<u>(42,441)</u>
Net assets		<u><u>3,320,497</u></u>	<u><u>2,894,369</u></u>
Capital and reserves			
Called up share capital	22	101	101
Share premium account	23	4,999	4,999
Profit and Loss Account	23	3,315,397	2,889,269
		<u><u>3,320,497</u></u>	<u><u>2,894,369</u></u>

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

D S Kaitiff
Director

Date: 6/8/18

The notes on pages 8 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. GENERAL INFORMATION

Friedman's Limited is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed on the Company Information page.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in Sterling (£) which is the functional currency of the Company. The financial statements are for a period of 52 weeks ended 31 December 2017 (2016: 52 weeks ending 31 December 2016).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of a judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following principal accounting policies have been applied consistently throughout the year:

2.2 EXEMPTIONS

Under FRS 102 (section 1), the Company is exempt from the requirement to prepare a cashflow statement on the grounds that its ultimate parent company (CEPS PLC) includes the Company's cashflows in its own published consolidated financial statements.

The entity is a qualifying entity and has also taken advantage of the financial instrument disclosures exemption, disclosure of related party transactions with wholly owned Group members and the exemption from disclosing key management compensation (other than Directors' emoluments) under FRS 102 (section 1.12).

2.3 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

2.4 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and relate to costs incurred and capitalised for the development of the Company's website and licences acquired. These are being amortised evenly over five years.

2.5 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model 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 Company 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 Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Profit and Loss Account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following bases:

Long-term leasehold property	-	10% straight line
Plant and machinery	-	33% reducing balance
Fixtures and fittings	-	25% reducing balance
Office equipment	-	25% reducing balance

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 in the Profit and Loss Account.

At each Balance Sheet date, the Company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

2.6 STOCKS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads where appropriate.

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 the Profit and Loss Account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

2.7 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties or loans with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

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 Company would receive for the asset if it were to be sold at the Balance Sheet date.

2.8 PROVISIONS

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.9 LEASING AND HIRE PURCHASE

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.10 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.

2.11 PENSIONS

The Company makes payments to individuals' private money purchase pension schemes and the pension charge represents the amounts payable by the Company to the schemes during the year.

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 schemes are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

2.12 OPERATING LEASES

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

2.13 FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Balance Sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

2.14 TAXATION

Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income or 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date. 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. Deferred tax is calculated at the tax rate substantively enacted at the reporting date expected to apply to the reversal of the timing difference.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Directors make estimates and assumptions concerning the future. They are also required to exercise judgment in the process of applying the Company's accounting policies. Estimates and judgments 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 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.

Impairment of non-current assets

The Company assesses the impairment of intangible fixed assets and tangible assets subject to depreciation or amortisation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Impairment of other assets

The Company reviews the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

Carrying value of stocks

Management reviews the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management uses its knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the Company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the Profit and Loss Account.

Leases

Management must determine whether leases entered into by the Company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgment. The nature and type of risks for these provisions differ and management's judgment is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing assets lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects' disposal values.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 10.

4. TURNOVER

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	3,584,838	3,433,574
Rest of Europe	1,135,871	941,131
Rest of the World	332,290	180,467
	<u>5,052,999</u>	<u>4,555,172</u>

FRIEDMAN'S LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****5. OPERATING PROFIT**

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	30,449	33,146
Amortisation - intangible fixed assets	10,954	7,654
Other operating leases	49,000	49,000
Exchange differences	<u>12,394</u>	<u>69,193</u>

6. AUDITOR'S REMUNERATION

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>6,881</u>	<u>6,831</u>
Fees payable to the Company's auditor in respect of: Taxation compliance services	<u>1,604</u>	<u>1,584</u>

7. EMPLOYEES

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

	2017 £	2016 £
Wages and salaries	586,789	501,763
Social security costs	63,054	55,678
Cost of defined contribution scheme	25,007	49,087
	<u>674,850</u>	<u>606,528</u>

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

	2017 No.	2016 No.
Management and administrative staff	7	7
Production staff	5	5
	<u>12</u>	<u>12</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. DIRECTORS' REMUNERATION

	2017 £	2016 £
Directors' emoluments	318,445	260,085
Company contributions to defined contribution pension schemes	23,268	49,087
	<u>341,713</u>	<u>309,172</u>

During the year retirement benefits were accruing to 2 Directors (2016: 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £160,472 (2016: £139,791).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £11,634 (2016: £24,544).

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Finance leases and hire purchase contracts	3,661	2,656
	<u>3,661</u>	<u>2,656</u>

10. TAXATION

	2017 £	2016 £
CORPORATION TAX		
Current tax on profits for the year	192,200	159,902
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>192,200</u>	<u>159,902</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
10. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,153,328</u>	<u>843,297</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016: 20%)	219,132	168,659
EFFECTS OF:		
Expenses not deductible for tax purposes	4,289	2,000
Difference between depreciation and capital allowances	294	6,685
Transfer pricing adjustment	(15,397)	(16,000)
Other timing differences	(9,382)	4,558
Group relief	(6,736)	(6,000)
TOTAL TAX CHARGE FOR THE YEAR	<u><u>192,200</u></u>	<u><u>159,902</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Reductions in the United Kingdom corporation tax rate to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

11. DIVIDENDS

	2017 £	2016 £
Dividends paid on equity capital	535,000	430,000
	<u><u>535,000</u></u>	<u><u>430,000</u></u>

12. EXCEPTIONAL ITEMS

	2017 £	2016 £
Recovery of import duty in relation to prior years	122,111	-
	<u><u>122,111</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. INTANGIBLE ASSETS

	Website development costs £	Licences £	Total £
COST			
At 1 January 2017	48,788	12,000	60,788
Additions	10,987	-	10,987
At 31 December 2017	59,775	12,000	71,775
AMORTISATION			
At 1 January 2017	16,795	600	17,395
Charge for the year	8,554	2,400	10,954
At 31 December 2017	25,349	3,000	28,349
NET BOOK VALUE			
At 31 December 2017	<u>34,426</u>	<u>9,000</u>	<u>43,426</u>
At 31 December 2016	<u>31,993</u>	<u>11,400</u>	<u>43,393</u>

FRIEDMAN'S LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
COST					
At 1 January 2017	108,704	339,377	106,964	35,525	590,570
Additions	12,568	81,991	-	9,105	103,664
At 31 December 2017	121,272	421,368	106,964	44,630	694,234
DEPRECIATION					
At 1 January 2017	67,863	293,487	101,831	24,990	488,171
Charge for the year on owned assets	6,020	9,412	1,284	3,945	20,661
Charge for the year on financed assets	-	9,788	-	-	9,788
At 31 December 2017	73,883	312,687	103,115	28,935	518,620
NET BOOK VALUE					
At 31 December 2017	<u>47,389</u>	<u>108,681</u>	<u>3,849</u>	<u>15,695</u>	<u>175,614</u>
At 31 December 2016	<u>40,841</u>	<u>45,890</u>	<u>5,133</u>	<u>10,535</u>	<u>102,399</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	44,475	40,795
	<u>44,475</u>	<u>40,795</u>

FRIEDMAN'S LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****15. STOCKS**

	2017 £	2016 £
Raw materials	177,051	267,830
Work in progress	8,624	6,411
Finished goods	575,983	586,002
	<u>761,658</u>	<u>860,243</u>

Stock recognised in cost of sales during the year as an expense was £2,573,150 (2016: £2,363,663).

16. DEBTORS

	2017 £	2016 £
Trade debtors	427,221	423,926
Amounts owed by Group undertakings	1,788,536	1,788,536
Other debtors	9,520	1,677
Prepayments and accrued income	64,258	32,452
	<u>2,289,535</u>	<u>2,246,591</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	453,574	570,073
Corporation tax	114,935	96,659
Other taxation and social security	131,699	157,062
Obligations under finance lease and hire purchase contracts	14,123	21,223
Other creditors	1,845	2,529
Accruals and deferred income	25,144	15,888
	<u>741,320</u>	<u>863,434</u>

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

FRIEDMAN'S LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	15,237	8,408
	<u>15,237</u>	<u>8,408</u>

Obligations under finance lease and hire purchases contracts are secured against the assets to which they relate.

19. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	14,123	21,223
Between 1-5 years	15,237	8,408
	<u>29,360</u>	<u>29,631</u>

20. DEFERRED TAXATION

	2017 £
At 1 January 2016	17,441
At 31 December 2016	<u>17,441</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	20,324	20,324
Short term timing differences	(2,883)	(2,883)
	<u>17,441</u>	<u>17,441</u>

FRIEDMAN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21. PROVISIONS

	Lease dilapidations £
At 1 January 2017	25,000
AT 31 DECEMBER 2017	<u>25,000</u>

Lease dilapidations

A provision has been made in respect of dilapidation obligations arising on the Company's leasehold property. Since the year end, an amount of £20,00 has been agreed as paid in respect of dilapidation obligations.

22. SHARE CAPITAL

	2017 £	2016 £
ALLOTTED, CALLED UP AND FULLY PAID		
101 Ordinary shares of £1 each	<u>101</u>	<u>101</u>

Share premium

A premium of £4,999 was paid in respect of the above shares. There were no movements in share premium in the current or prior period.

23. RESERVES

Share premium account

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and Loss Account

The Profit and Loss Account includes all current and prior period retained profit and losses. All are considered distributable.

24. CAPITAL COMMITMENTS

At 31 December 2017 the Company had capital commitments as follows:

	2017 £	2016
Plant and machinery	136,000	-
	<u>136,000</u>	<u>-</u>

FRIEDMAN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

25. PENSION COMMITMENTS

The Company makes contributions to individuals' own private money purchase pension plans. The pension cost charge represents contributions payable by the Company to the fund and amounted to £25,007 (2016: £49,087). There were no contributions outstanding at the Balance Sheet date.

26. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	145,383	49,000
Later than 1 year and not later than 5 years	565,200	2,148
Later than 5 years	706,500	-
	<u>1,417,083</u>	<u>51,148</u>

27. RELATED PARTY TRANSACTIONS

During the year the Company purchased goods totalling £1,265,137 (2016: £1,342,956) from two entities under the control of one of the Directors. At the year end the Company owed £207,800 (2016: £294,695) to the two entities. All transactions were conducted under normal commercial terms.

Within debtors due within one year at 31 December 2017 is an amount of £1,788,536 (2016: £1,788,536) due from a company with a controlling interest. The amounts are unsecured, interest free and have no fixed term of repayment.

During the year the Company purchased goods totalling £8,870 (2016: £Nil) from other Group undertakings, no amounts are outstanding at the year end (2016: £Nil).

Within other debtors at the year end is an amount of £220 (2016: £220) loaned to David Kaitiff, a Director. The loan is interest free and repayable on demand. The highest balance on the loan in the year was £220 (2016: £220).

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Signature Fabrics Limited, which is incorporated in England and Wales. Signature Fabrics Limited is owned and controlled by CEPS PLC, the ultimate parent Company which is incorporated in England and Wales.

At the Balance Sheet date, CEPS PLC is the parent of both the smallest and largest groups which prepare financial statements that consolidate this entity. Copies of the financial statements of CEPS PLC are available from: CEPS PLC, 11 Laura Place, Bath, BA2 4BL.