

Barker & Stonehouse Limited

**Directors' report and financial
statements**

Registered number 00937498

31 March 2013



Contents

| | |
|-----------------------------------------------------------------------------------------------------------|----|
| Company information | 1 |
| Directors' report | 2 |
| Statement of directors' responsibilities in respect of the Directors' Report and the financial statements | 4 |
| Independent auditor's report to the members of Barker & Stonehouse Limited | 5 |
| Profit and Loss Account | 7 |
| Balance Sheet | 8 |
| Cash Flow Statement | 9 |
| Reconciliation of Movement in Shareholders' Funds | 10 |
| Notes | 11 |

Company information

| | |
|---------------------------|--------------------------------------------------------------------------------------|
| Directors: | RJ Barker JT Barker P Soakell R Parnell DA Wilkinson |
| Secretary: | P Soakell |
| Registered office: | Marsh Street Cannon Park Middlesbrough TS1 5JH |
| Registered number: | 00937498 |
| Auditor: | KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX |
| Bankers: | Barclays Bank PLC PO Box 378 71 Grey Street Newcastle upon Tyne NE99 1JP |

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2013

Principal activity

The principal activity of the company in the year under review was that of furniture retailers

Business review

The results for the year and financial position of the company are shown in the annexed financial statements

We aim to present a balanced and comprehensive review of the development and 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 we face

The company continues to operate retail outlets, supplying household furnishings. During the year, despite what has been another difficult year for the furniture trade, the company has again traded profitably. This has been achieved by continuing to focus on product mix together with an ongoing programme of cost reduction and control.

The directors have also continued to concentrate upon cash management, again resulting in healthy levels of cash reserves.

The company suffered a significant flood at the Metro Centre store in June resulting in a complete refit of this branch.

During the year the company built and opened its standalone freehold store at Knaresborough adjacent to the St James Retail Park. Also, subsequent to the balance sheet date, the company acquired and refurbished a retail unit in Battersea which opened in July. All three of the above sites are trading well.

Given the difficult underlying economic and trading conditions prevailing throughout the year under review, the directors consider the company's revenue results and closing net assets position to be satisfactory.

Financial instruments

The company holds financial instruments to finance its operations. The company's financial instruments comprise principally bank borrowings and items arising from trading such as trade debtors and trade creditors.

Dividends

Total distributions of dividends for the year ended 31 March 2013 was £nil (2012 £99,000)

Market value of fixed assets

In the opinion of the directors the current value of freehold and long leasehold property is in excess of £20,500,000 (2012 £18,700,000) compared with a balance sheet value of £14,875,581 (2012 £13,020,543)

Directors

The directors shown below have held office during the whole of the period from 1 April 2012 to the date of this report

RJ Barker
JT Barker
P Soakell
R Parnell
DA Wilkinson

Directors' report (*continued*)

Employee involvement

The company has continued its practice of keeping employees informed on matters affecting them as employees and the financial and economic factors affecting the performance of the company

Disabled employees

Applications for employment by disabled persons are given full and fair consideration having regard to the particular aptitude and abilities of all applicants

In the event of an employee becoming disabled, every effort is made to retrain them in order that their employment with the company may continue

It is the policy of the company that training, career development and promotion opportunities should be available to all employees

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year (2012 *£nil*)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

During the year, Baines Jewitt LLP resigned as auditor and KPMG LLP were appointed as auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



P Soakell
Secretary

Marsh Street
Cannon Park
Middlesbrough
TS1 5JH

31 October 2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Barker & Stonehouse Limited

We have audited the financial statements of Barker & Stonehouse Limited for the year ended 31 March 2013 set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Barker & Stonehouse Limited

(continued)

Matters on which we are required to report by exception

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

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



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

31 October 2013

Profit and Loss Account
for the year ended 31 March 2013

| | <i>Note</i> | 2013 £ | 2012 £ |
|------------------------------------------------------|-------------|-------------------|-------------------|
| Turnover | 2 | 40,215,423 | 39,620,874 |
| Cost of sales | | (21,802,680) | (21,408,605) |
| Gross profit | | 18,412,743 | 18,212,269 |
| Administrative expenses | 3 | (17,145,699) | (16,905,197) |
| Other operating income | 6 | 252,227 | - |
| Operating profit | | 1,519,271 | 1,307,072 |
| Interest payable and similar charges | 7 | (195,632) | (136,418) |
| Profit on ordinary activities before taxation | | 1,323,639 | 1,170,654 |
| Tax on profit on ordinary activities | 8 | (336,947) | (344,580) |
| Profit for the financial year | 19 | 986,692 | 826,074 |

None of the company's activities were acquired or discontinued during the current year or previous year

The company had no recognised gains or losses other than the profits for the current year or previous year

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

Balance Sheet
at 31 March 2013

| | <i>Note</i> | 2013 £ | 2012 £ |
|----------------------------------------------------------------|-------------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 17,122,157 | 15,280,748 |
| Investments | 11 | 102 | 102 |
| | | <u>17,122,259</u> | <u>15,280,850</u> |
| Current assets | | | |
| Stocks | 12 | 7,536,372 | 7,250,982 |
| Debtors | 13 | 2,104,720 | 1,802,499 |
| Cash at bank and in hand | | 1,922,442 | 1,843,484 |
| | | <u>11,563,534</u> | <u>10,896,965</u> |
| Creditors: amounts falling due within one year | 14 | <u>(7,683,131)</u> | <u>(7,134,940)</u> |
| Net current assets | | <u>3,880,403</u> | <u>3,762,025</u> |
| Total assets less current liabilities | | <u>21,002,662</u> | <u>19,042,875</u> |
| Creditors: amounts falling due after more than one year | 15 | (5,826,807) | (4,806,518) |
| Provisions for liabilities | 16 | (49,976) | (97,170) |
| Net assets | | <u>15,125,879</u> | <u>14,139,187</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 66,000 | 66,000 |
| Capital redemption reserve | 19 | 4,000 | 4,000 |
| Employee benefit trust investment | 19 | (144,371) | (144,371) |
| Profit and loss account | 19 | 15,200,250 | 14,213,558 |
| Shareholders' funds | | <u>15,125,879</u> | <u>14,139,187</u> |

These financial statements were approved by the directors on 31 October 2013 and were signed on its behalf by

RJ Barker
Chairman



Company registered number 00937498

Cash Flow Statement
for the year ended 31 March 2013

| | <i>Note</i> | 2013 £ | £ | 2012 £ | £ |
|----------------------------------------------------------------|-------------|--------------------|--------------------|--------------------|--------------------|
| Net cash inflow from operating activities | 20 | | 2,150,879 | | 2,143,021 |
| Returns on investments and servicing of finance | 21 | | (195,632) | | (136,418) |
| Taxation | | | (390,736) | | (646,409) |
| Capital expenditure and financial investment | 21 | | (2,651,238) | | (2,638,361) |
| Dividends paid on shares classified in Shareholders' funds | | | - | | (99,000) |
| Cash outflow before financing | | | (1,086,727) | | (1,377,167) |
| Financing | 21 | | 1,165,685 | | 1,150,513 |
| Increase/(decrease) in cash in the period | | | <u>78,958</u> | | <u>(226,654)</u> |
| Reconciliation of net cash flow to movement in net debt | 22 | | | | |
| Increase/(decrease) in cash in the period | | 78,958 | | (226,654) | |
| Cash inflow from increase in debt | | <u>(1,165,685)</u> | | <u>(1,150,513)</u> | |
| Change in net debt resulting from cash flows | | | (1,086,727) | | (1,377,167) |
| Movement in net debt in the period | | | (1,086,727) | | (1,377,167) |
| Net debt at 1 April 2012 | | | <u>(3,379,185)</u> | | <u>(2,002,018)</u> |
| Net debt at 31 March 2013 | | | <u>(4,465,912)</u> | | <u>(3,379,185)</u> |

Reconciliation of Movement in Shareholders' Funds
for the year ended 31 March 2013

| | 2013 £ | 2012 £ |
|----------------------------------------|------------|------------|
| Profit for the financial year | 986,692 | 826,074 |
| Dividends | - | (99,000) |
| | <hr/> | <hr/> |
| | 986,692 | 727,074 |
| Movement in the Employee Benefit Trust | - | 86,029 |
| | <hr/> | <hr/> |
| Net addition to shareholders' funds | 986,692 | 813,103 |
| Opening shareholders' funds | 14,139,187 | 13,326,084 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 15,125,879 | 14,139,187 |
| | <hr/> | <hr/> |

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company has taken advantage of the exception under Section 405 (2) of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that the subsidiary companies are not material. These financial statements present information about the company as an individual and not about its group.

Going concern

After making enquiries, the directors have a reasonable expectation that the company have adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to prepare these financial statements on a going concern basis.

Turnover

Turnover comprises the value of goods and services, excluding value added tax, supplied to customers during the year. Turnover is recognised on the dispatch of goods and the provision of services.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | |
|--------------------------------------|----------------------------|
| Freehold and long leasehold property | not provided |
| Short leasehold | Over the term of the lease |
| Fixtures and fittings | Straight line over 7 years |
| Motor vehicles | 25% on reducing balance |
| Computer equipment | Straight line over 5 years |

The company has a policy and practise of regular maintenance and repair on freehold and long leasehold property so as to maintain its previously assessed standard of performance. The property is considered unlikely to suffer from economic or technical obsolescence. The company therefore does not provide depreciation on freehold and long leasehold properties as its economic life is such that depreciation would not be material. The directors consider that the residual value is greater than the book value at the balance sheet date.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Investments

Investments are included at cost.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Cash and liquid resources

Cash for the purpose of the cashflow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

2 Analysis of turnover

Turnover is attributable to the one principal activity of the company. All turnover is derived in the UK

3 Notes to the profit and loss account

| | 2013 £ | 2012 £ |
|-------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i> | | |
| Depreciation – owned assets | 749,979 | 865,893 |
| Profit on disposal of fixed assets | (1,848) | (3,953) |
| Hire of other assets – operating leases | 2,637,479 | 2,641,691 |
| Hire of plant and machinery – operating leases | 45,227 | 174,138 |
| | <u> </u> | <u> </u> |

Auditors' remuneration.

| | 2013 £ | 2012 £ |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------|
| Audit of these financial statements | 30,000 | 30,000 |
| Amounts receivable by the auditors and their associates in respect of | | |
| Other services relating to taxation | 3,500 | 12,350 |
| | <u> </u> | <u> </u> |

4 Staff numbers and costs

| | 2013 £ | 2012 £ |
|-----------------------|-----------------------------|-----------------------------|
| Wages and salaries | 6,616,574 | 6,445,272 |
| Social security costs | 614,416 | 613,384 |
| Other pension costs | 239,733 | 193,051 |
| | <u> </u> | <u> </u> |
| | 7,470,723 | 7,251,707 |
| | <u> </u> | <u> </u> |

Notes (continued)

4 Staff numbers and costs (continued)

The average monthly number of employees during the year was as follows

| | 2013 | 2012 |
|--------------------------|------------|------------|
| Management | 38 | 39 |
| Selling and distribution | 216 | 212 |
| | <u>254</u> | <u>251</u> |

5 Remuneration of directors

| | 2013 £ | 2012 £ |
|------------------------------------------------------------|----------------|----------------|
| Directors' remuneration | 428,321 | 405,786 |
| Directors' pension contributions to money purchase schemes | 62,233 | 11,268 |
| | <u>490,554</u> | <u>417,054</u> |

The number of directors to whom retirement benefits were accruing was as follows

| | Number of directors | |
|------------------------|---------------------|----------|
| | 2013 | 2012 |
| Money purchase schemes | 4 | 4 |
| | <u>4</u> | <u>4</u> |

Information regarding the highest paid director is as follows

| | 2013 £ | 2012 £ |
|-------------------------------------------------|----------------|----------------|
| Emoluments etc | 103,503 | 101,527 |
| Pension contributions to money purchase schemes | 50,000 | - |
| | <u>153,503</u> | <u>101,527</u> |

6 Other operating income

The other operating income relates to amounts receivable for business interruption from the company's insurer following a flood at one of the stores

7 Interest payable and similar charges

| | 2013 £ | 2012 £ |
|-----------|----------------|----------------|
| Bank loan | 195,632 | 136,418 |
| | <u>195,632</u> | <u>136,418</u> |

Notes (continued)

8 Taxation

Analysis of charge in period

| | 2013 £ | 2012 £ |
|--------------------------------------|-----------|-----------|
| <i>UK corporation tax</i> | | |
| Current tax on income | 384,141 | 391,336 |
| Deferred tax (note 16) | (47,194) | (46,756) |
| | <hr/> | <hr/> |
| Tax on profit on ordinary activities | 336,947 | 344,580 |
| | <hr/> | <hr/> |

Factors affecting the tax charge for the current period

The current tax charge for the year is higher (2012 higher) than the standard rate of corporation tax in the UK (24%, 2012 26%). The differences are explained below

| | 2013 £ | 2012 £ |
|----------------------------------------------------------|-----------|-----------|
| <i>Current tax reconciliation</i> | | |
| Profit on ordinary activities before tax | 1,323,639 | 1,170,654 |
| | <hr/> | <hr/> |
| Current tax at 24% (2012 26%) | 317,673 | 304,370 |
| <i>Effects of</i> | | |
| Adjustments to tax charge in respect of previous periods | - | 600 |
| Expenses not allowed for tax purposes | 24,012 | 19,487 |
| Accelerated capital allowances | 37,316 | 59,763 |
| Other timing differences | 5,140 | 7,116 |
| | <hr/> | <hr/> |
| Total current tax charge | 384,141 | 391,336 |
| | <hr/> | <hr/> |

Factors that may affect future current and total tax charges

The main rate of UK corporation tax changed from 26% to 24% with effect from 1 April 2012

The Chancellor has announced a reduction in the main rate of UK corporation tax from 24% to 23% with effect from 1 April 2013. This tax change became substantively enacted in July 2012 and therefore the effect of the rate reduction on the deferred tax balances as at 31 March 2013 has been included in the figures above

The Chancellor also proposed changes to further reduce the main rate of corporation tax to 20%, but these changes have not yet been substantively enacted and therefore are not included in the figures above. The overall effect of the further reduction from 23% to 20%, if these applied to the deferred tax balance at 31 March 2013, would be to further reduce the deferred tax liability by £6,519

9 Dividends

| | 2013 £ | 2012 £ |
|-------------------------------------------------------|-----------|-----------|
| Interim dividends paid in respect of the current year | - | 99,000 |
| | <hr/> | <hr/> |

Notes (continued)

10 Tangible fixed assets

| | Freehold and long leasehold property £ | Short leasehold £ | Fixtures and fittings £ | Motor vehicles £ | Computer equipment £ | Totals £ |
|-----------------------|-------------------------------------------------|-------------------------|-------------------------------|------------------------|----------------------------|-------------|
| Cost | | | | | | |
| At beginning of year | 13,020,543 | 397,647 | 6,200,438 | 780,063 | 1,585,413 | 21,984,104 |
| Additions | 1,855,038 | - | 321,771 | 378,655 | 104,614 | 2,660,078 |
| Disposals | - | - | - | (121,490) | (2,660) | (124,150) |
| At end of year | 14,875,581 | 397,647 | 6,522,209 | 1,037,228 | 1,687,367 | 24,520,032 |
| Depreciation | | | | | | |
| At beginning of year | - | 115,646 | 5,041,542 | 250,156 | 1,296,012 | 6,703,356 |
| Charge for the year | - | 22,319 | 399,119 | 189,551 | 138,990 | 749,979 |
| On disposals | - | - | - | (54,194) | (1,266) | (55,460) |
| At end of year | - | 137,965 | 5,440,661 | 385,513 | 1,433,736 | 7,397,875 |
| Net book value | | | | | | |
| At 31 March 2013 | 14,875,581 | 259,682 | 1,081,548 | 651,715 | 253,631 | 17,122,157 |
| At 31 March 2012 | 13,020,543 | 282,001 | 1,158,896 | 529,907 | 289,401 | 15,280,748 |

11 Fixed asset investments

| | Shares in group undertakings £ |
|------------------------------|--------------------------------------|
| Cost | |
| At beginning and end of year | 102 |
| Net book value | |
| At 31 March 2013 | 102 |
| At 31 March 2012 | 102 |

The companies in which the Company's interest at the year end is more than 20% are as follows

| | Country of incorporation | Principal activity | Percentage of shares held | Net Assets |
|------------------------------|-----------------------------|-----------------------|------------------------------|---------------|
| WE Gill & Sons Limited | UK | Dormant | 100% | £193 |
| Sanctuary Upholstery Limited | UK | Dormant | 100% | £2 |

The two subsidiary companies, Sanctuary Upholstery Limited and WE Gill & Son Limited have been dormant for a number of years and consequently Group accounts are not required

Notes (continued)

12 Stocks

| | 2013 £ | 2012 £ |
|-------------------------------|------------------|------------------|
| Goods for resale | 7,483,132 | 7,185,814 |
| Sundry stocks and consumables | 53,240 | 65,168 |
| | <u>7,536,372</u> | <u>7,250,982</u> |

13 Debtors

| | 2013 £ | 2012 £ |
|---------------------------------------|------------------|------------------|
| Trade debtors | 64,997 | 50,678 |
| Other debtors | 705,271 | 572,747 |
| Directors' current accounts (note 24) | 100,044 | 6,820 |
| Prepayments and accrued income | 1,234,408 | 1,172,254 |
| | <u>2,104,720</u> | <u>1,802,499</u> |

14 Creditors: amounts falling due within one year

| | 2013 £ | 2012 £ |
|------------------------------------|------------------|------------------|
| Bank loans | 561,547 | 387,207 |
| Other loans | - | 46,444 |
| Trade creditors | 2,720,917 | 2,549,977 |
| Amounts owed to group undertakings | 193 | 193 |
| Corporation tax | 384,141 | 390,736 |
| Other tax and social security | 907,823 | 674,745 |
| Directors' current accounts | - | 69,745 |
| Accruals and deferred income | 451,044 | 465,787 |
| Other creditors | 2,674 | - |
| Sales order deposits | 2,654,792 | 2,550,106 |
| | <u>7,683,131</u> | <u>7,134,940</u> |

15 Creditors: amounts falling due after more than one year

| | 2013 £ | 2012 £ |
|------------------------------|------------------|------------------|
| Bank loans | 5,826,807 | 4,789,018 |
| Accruals and deferred income | - | 17,500 |
| | <u>5,826,807</u> | <u>4,806,518</u> |

Notes (continued)

15 Creditors: amounts falling due after more than one year (continued)

An analysis of the maturity of loans is given below

| | 2013 £ | 2012 £ |
|------------------------------|------------------|------------------|
| Within one year | 561,547 | 433,651 |
| In the second to fifth years | 2,385,723 | 2,104,093 |
| Over five years | 3,441,084 | 2,684,925 |
| | <u>6,388,354</u> | <u>5,222,669</u> |

The bank borrowings are secured by first charges on certain freehold and long leasehold properties. The bank loans bear interest at a rate which fluctuates in line with the base rate.

There is a cross guarantee between Barker & Stonehouse Limited and a related company, Baker Furniture Limited, in respect of any bank borrowings. At 31 March 2013 Baker Furniture Limited had no bank borrowings (2012 *£nil*).

The bank has provided a £50,000 bond on the company's behalf in favour of HM Revenue and Customs in relation to duty deferment.

Other loans in the prior year related to amounts due to the Carbon Trust.

16 Provisions for liabilities

| | 2013 £ | 2012 £ |
|--------------------------------|---------------|---------------------|
| <i>Deferred tax</i> | | |
| Accelerated capital allowances | 49,976 | 97,170 |
| | <u>49,976</u> | <u>97,170</u> |
| | | Deferred tax |
| | | £ |
| Balance at 1 April 2012 | | 97,170 |
| Credit for the year | | (47,194) |
| | | <u>49,976</u> |
| Balance at 31 March 2013 | | <u>49,976</u> |

Notes (continued)

17 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

| | 2013 £ | 2012 £ |
|------------|----------------|----------------|
| Contracted | <u>760,000</u> | <u>251,000</u> |

(b) Annual commitments under non cancellable operating leases are as follows

| | 2013 | | 2012 | |
|----------------------------------------|----------------------------|---------------|----------------------------|--------------|
| | Land and buildings £ | Other £ | Land and buildings £ | Other £ |
| Operating leases which expire | | | | |
| Within one year | - | 12,036 | - | 7,997 |
| In the second to fifth years inclusive | - | 11,748 | - | 1,056 |
| Over five years | <u>2,547,070</u> | <u>-</u> | <u>2,547,070</u> | <u>-</u> |
| | <u>2,547,070</u> | <u>23,784</u> | <u>2,547,070</u> | <u>9,053</u> |

18 Called up share capital

| | 2013 £ | 2012 £ |
|----------------------------------------|---------------|---------------|
| <i>Allotted, issued and fully paid</i> | | |
| 66,000 Ordinary shares of £1 each | <u>66,000</u> | <u>66,000</u> |

19 Reserves

| | Capital redemption reserve £ | Employee benefit trust investment £ | Profit and loss account £ | Totals £ |
|---------------------|---------------------------------------|----------------------------------------------|---------------------------------|-------------------|
| At 1 April 2012 | 4,000 | (144,371) | 14,213,558 | 14,073,187 |
| Profit for the year | - | - | 986,692 | 986,692 |
| | <u>4,000</u> | <u>(144,371)</u> | <u>15,200,250</u> | <u>15,059,879</u> |
| At 31 March 2013 | <u>4,000</u> | <u>(144,371)</u> | <u>15,200,250</u> | <u>15,059,879</u> |

The company operates an Employee Benefit Trust (EBT) that has an independent professional trustee resident in Jersey

Notes (continued)

20 Reconciliation of operating profit to the net cash inflow from operating activities

| | 2013 £ | 2012 £ |
|----------------------------------------------|------------------|------------------|
| Operating profit | 1,519,271 | 1,307,072 |
| Depreciation charges | 749,979 | 865,893 |
| Profit on disposal of fixed assets | (1,848) | (3,953) |
| Shares allocated from employee benefit trust | - | 86,029 |
| Increase in stocks | (285,390) | (30,908) |
| Increase in debtors | (302,221) | (36,183) |
| Increase/(decrease) in creditors | 471,088 | (44,929) |
| Net cash inflow from operating activities | <u>2,150,879</u> | <u>2,143,021</u> |

21 Analysis of cash flows

| | 2013 £ | 2012 £ |
|----------------------------------------------------------------------|--------------------|--------------------|
| Returns on investments and servicing of finance | | |
| Interest paid | (195,632) | (136,418) |
| Net cash outflow for returns on investments and servicing of finance | <u>(195,632)</u> | <u>(136,418)</u> |
| Capital expenditure and financial investment | | |
| Purchases of tangible fixed assets | (2,721,776) | (2,718,734) |
| Sale of tangible fixed assets | 70,538 | 80,373 |
| Net cash outflow for capital expenditure and financial investment | <u>(2,651,238)</u> | <u>(2,638,361)</u> |
| Financing | | |
| New loans in year | 1,600,000 | 3,700,000 |
| Loan repayments in year | (434,315) | (2,549,487) |
| Net cash inflow from financing | <u>1,165,685</u> | <u>1,150,513</u> |

Notes (continued)

22 Analysis of changes in net debt

| | At beginning of year £ | Cash flow £ | Other non cash changes £ | At end of year £ |
|-----------------------------------|------------------------------|--------------------|--------------------------------|------------------------|
| Net cash | | | | |
| Cash at bank and in hand | 1,843,484 | 78,958 | - | 1,922,442 |
| | <u>1,843,484</u> | <u>78,958</u> | <u>-</u> | <u>1,922,442</u> |
| Debt | | | | |
| Debts falling due within one year | (433,651) | 434,315 | (562,211) | (561,547) |
| Debts falling due after one year | (4,789,018) | (1,600,000) | 562,211 | (5,826,807) |
| | <u>(5,222,669)</u> | <u>(1,165,685)</u> | <u>-</u> | <u>(6,388,354)</u> |
| Total | <u>(3,379,185)</u> | <u>(1,086,727)</u> | <u>-</u> | <u>(4,465,912)</u> |

23 Pension commitments

The company operates a defined contribution pension scheme for the benefit of some employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The total contributions paid in the year amounted to £239,733 (2012 £193,051).

24 Related party disclosures

The company was charged rent amounting to £213,125 by its Self Administered Executive Pension Scheme under a leasing agreement relating to properties owned by the pension scheme.

Mr RJ Barker and Mr P Soakell, directors of Barker & Stonehouse Limited, are also directors of Baker Furniture Limited.

The following transactions occurred during the year between the two companies:

| | 2013 £ | 2012 £ |
|----------------------------------------------------------------------------|-----------|-----------|
| Purchases by Barker & Stonehouse Limited from Baker Furniture Limited | 1,035,624 | 1,162,828 |
| Agency fees paid by Barker & Stonehouse Limited to Baker Furniture Limited | 102,350 | 71,200 |
| Sales by Barker & Stonehouse Limited to Baker Furniture Limited | 19,225 | 21,478 |
| Management charges by Barker & Stonehouse Limited | 83,467 | 67,455 |
| Rent charged by Barker & Stonehouse Limited | 110,000 | 113,000 |

In addition to the above, during the year, both companies incurred expenditure on behalf of the other and these costs were recharged on a monthly basis:

| | 2013 £ | 2012 £ |
|---------------------------------------------------------------------------------------------------|-----------|-----------|
| Dividends have been paid to the directors during the year in the total sum of | - | 96,810 |
| At 31 March 2013 the following amounts were (due to)/due from directors on their current accounts | | |
| RJ Barker | 45,030 | (37,840) |
| JT Barker | 31,944 | (31,905) |
| DA Wilkinson | 19,620 | 6,820 |
| P Soakell | 3,450 | - |

Notes (*continued*)

24 Related party disclosures (*continued*)

The maximum amounts owing from the directors during the year ended 31 March 2013 were

| | 2013 £ |
|--------------|-----------|
| RJ Barker | 45,000 |
| JT Barker | 31,944 |
| DA Wilkinson | 19,620 |
| P Soakell | 3,450 |

25 Ultimate controlling party

The company is under the joint control of Messrs Mr RJ Barker and Mr JT Barker