PAUL MURRAY PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

Company Registration Number 01172728

PAUL MURRAY PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

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PAUL MURRAY PLC

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 DECEMBER 2013

The board of directors	P T Murray K J Murray N B Hayton S C Coatham M Cox C Murray G L Robertson T Eastwood M J Murray
Company secretary	S C Coatham
Business address	School Lane Chandlers Ford Eastleigh Hampshire SO53 4YN
Registered office	School Lane Chandlers Ford Eastleigh Hampshire SO53 4YN
Auditor	Baker Tilly UK Audit LLP Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Accountants	Baker Tilly Tax and Accounting Limited Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY

Principle activities and business review

The principal activity of the company during the year continued to be the wholesaling and packing of non-pharmaceutical products and surgical goods, and the distribution of cosmetics, fragrances and toiletries.

In the year the Company achieved sales of £18,109,647 (2012 £16,369,066) an increase of 10.6% on the previous year.

The directors continue to adopt a going concern basis in preparing the financial statements.

Key performance indicators ("KPIs")

The key financial highlights of the company's activities are:

	2013	2012	2011	2010	2009
Turnover	18,109,647	16,369,066	11,769,421	9,778,661	7,907,327
Gross profit margin	30.9%	31.9%	34.7%	36.7%	42.1%
Profit before tax	1,210,043	1,006,689	559,736	301,064	125,092

The company's ongoing strategies are to improve turnover, to protect and increase its share of the market together with protecting margins. In 2013 the company achieved all of these aims. It reaped the benefits of the investments made in recent years in property and systems and in its relationships with key customers and suppliers. As a result the company saw an increase in turnover of 10.6% and an increase in profits before tax of 20.2% despite the general economic conditions affecting the UK retail market. The directors expect this upward trend to continue in 2014.

Principal risks and uncertainties

The company continues to source a significant amount of its stock from the Far East and is active in maintaining margins by managing the cost of stock and stock levels. The movement of sterling against major world currencies continues to be a significant concern for the company although the underlying trend in 2013 was generally to the company's advantage. The company does enter into forward currency contracts where the directors deem it to be advisable to protect the company from currency movement.

The directors will continue to seek to expand the company's product range and customer base to ensure the company remains in a strong position to capitalise on its investment in the business operational framework, to take advantage of market improvements and to withstand any external economic pressures.

Financial risk management objectives and policies

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and loans to the company. The main purpose of these instruments is to raise funds for, and finance, the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks, applicable to the financial statements concerned is shown below:

In respect of bank balances the liquidity risk is managed by maintaining a balance between the flexibility through the use of overdrafts at floating rates of interest.

The interest rate on the loans from financial institutions is variable but monthly repayments are fixed. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade debtors are managed, in respect of credit and cash flow, by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Policy on the payment of creditors

Payment is generally made by the company to its creditors in accordance with agreed terms of business. It is the policy of the company that all invoices issued by suppliers are paid within 30 days following the end of the month in which the invoices are received. In the case of certain overseas suppliers, the terms of business with the company are such that payments may be made at an earlier time. The total amount of trade creditors as at 31 December 2013 represents 34 days (2012 - 38 days) as a a proportion of the amount invoiced by suppliers during the year ended on that date. It is not the company's policy to follow any code or standard on payment practice.

Signed on behalf of the directors

P T Murray

Director

Approved by the directors on 9th June 2014

The directors present their report and the financial statements of the company for the year ended 31 December 2013.

Results and dividends

The profit for the year, after taxation, amounted to £924,910. Particulars of dividends paid are detailed in note 9 to the financial statements.

Future developments

The company has had marked success over the last few years in distributing UK branded goods to its customers. Albeit that this leads to a reduction in overall gross profit margins in percentage terms, they add to the profitability of the company and the directors are actively exploring the distribution of other branded goods.

Directors

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

P T Murray
K J Murray
N B Hayton
T H Pickford
S C Coatham
M Cox
C Murray
G L Robertson
T Eastwood
M J Murray

M J Murray was appointed as a director on 18 April 2013.

T H Pickford resigned as a director on 31 December 2013.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

In so far as the directors are, individually, aware:

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

Donations

During the year the company made the following contributions:

	2013	*2012*
	£	£
Charitable	535	6,271

Paul Murray PLC were co-funding a project on Isabela, one of the Galapagos Islands in the Pacific Ocean off Ecuador. There was no waste management nor recycling facility, and this has impacted negatively on the human and animal side of the unique ecosystem of these islands. European funds became available to finance the project but an interface between the funders and the local government on the island is of paramount importance in ensuring the long term success of this vital project. Working with the Galapagos Conservation Trust and WWF, Paul Murray PLC committed to helping provide the additional funding necessary over the period 2010 to 2012. £6,121 in 2012 was the third of three annual payments. No donations were made to this project in 2013.

Strategic report

The strategic report can be found on pages 2 and 3.

Auditor

Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

Signed on behalf of the directors

P T Murray

Director

Approved by the directors on 9th June 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAUL MURRAY PLC

YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of Paul Murray PLC for the year ended 31 December 2013 on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
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 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Michaela Johns, Senior Statutory Auditor
For and on behalf of

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

12 June 2014

PAUL MURRAY PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	*2012* *£*
Turnover	2	18,109,647	*16,369,066*
Cost of sales		(12,511,844)	*(11,153,003)*
Gross profit		5,597,803	*5,216,063*
Distribution costs		(2,877,092)	*(2,832,480)*
Administrative expenses		(1,440,438)	*(1,305,443)*
Other operating income	3	–	*1,208*
Operating profit	4	1,280,273	*1,079,348*
Interest payable and similar charges	7	(70,230)	*(72,659)*
Profit on ordinary activities before taxation		1,210,043	*1,006,689*
Tax on profit on ordinary activities	8	(285,133)	*(247,083)*
Profit for the financial year		924,910	*759,606*

All of the activities of the company are classed as continuing.

The notes on pages 12 to 24 form part of these financial statements.

PAUL MURRAY PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2013

	2013 £	*2012* *£*
Profit for the financial year Attributable to the shareholders	924,910	*759,606*
Unrealised profit on revaluation of certain fixed assets	206,500	*–*
Total gains and losses recognised since the last annual report	1,131,410	*759,606*

The notes on pages 12 to 24 form part of these financial statements.

PAUL MURRAY PLC

Registered Number 01172728

BALANCE SHEET

31 DECEMBER 2013

	Note	2013 £	2013 £	*2012* £	*2012* £
Fixed assets					
Intangible assets	10		116,623		*132,174*
Tangible assets	11		1,760,764		*1,547,763*
Investments	12		1		*1*
			1,877,388		*1,679,938*
Current assets					
Stocks	13	4,251,553		*3,859,268*	
Debtors	14	3,594,758		*3,297,991*	
Cash in hand		164,433		*627*	
		8,010,744		*7,157,886*	
Creditors: Amounts falling due within one year	16	(5,276,192)		*(5,038,089)*	
Net current assets			2,734,552		*2,119,797*
Total assets less current liabilities			4,611,940		*3,799,735*
Creditors: Amounts falling due after more than one year	17		(608,603)		*(714,834)*
			4,003,337		*3,084,901*
Capital and reserves					
Called-up share capital	22		100,000		*100,000*
Revaluation reserve	23		595,055		*388,439*
Profit and loss account	24		3,308,282		*2,596,462*
Shareholders' funds	25		4,003,337		*3,084,901*

These accounts were approved by the directors and authorised for issue on 9th June 2014 and are signed on their behalf by:

P T Murray
Director

The notes on pages 12 to 24 form part of these financial statements.

PAUL MURRAY PLC

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2013

		2013		2012	
	Note	£	£	£	£
Net cash inflow from operating activities	26		843,914		*612,859*
Returns on investments and Servicing of finance					
Interest paid		(70,230)		*(72,659)*	
Net cash outflow from returns on investments and servicing of finance			(70,230)		*(72,659)*
Taxation			(276,858)		*(130,467)*
Capital expenditure					
Payments to acquire tangible fixed assets		(203,371)		*(263,094)*	
Receipts from sale of fixed assets		733		*8,550*	
Net cash outflow from capital expenditure			(202,638)		*(254,544)*
Equity dividends paid			(212,974)		*(212,974)*
Cash inflow/(outflow) before financing			81,214		*(57,785)*
Financing					
Repayment of bank loans		(102,950)		*(97,858)*	
Net cash outflow from financing			(102,950)		*(97,858)*
Decrease in cash	26		(21,736)		*(155,643)*

The notes on pages 12 to 24 form part of these financial statements.

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Consolidation

In the opinion of the directors, the subsidiary undertaking is not material for the purpose of giving a true and fair view. The company has therefore taken advantage of the exemption provided by Section 405 of the Companies Act 2006 not to prepare group accounts. These accounts present information about the company as an individual undertaking and not about its group.

Turnover

The turnover shown in the profit & loss account relates to the amounts receivable for the sale of non-pharmaceutical products, surgical goods, cosmetics, fragrances and toiletries exclusive of Value Added Tax. Revenue is recognised when the risks and rewards related to the product have transferred to the customer, which is at the point the product is dispatched.

Goodwill

Goodwill on acquisitions, being the excess of cost, being purchase price, over the fair value of net assets acquired, is capitalised and amortised over it useful economic life on a straight line basis.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill	-	20 years straight line

Tangible fixed assets

Tangible fixed assets are stated at cost, being purchase price together with any incidental costs of acquisition, less accumulated depreciation, except for freehold land & buildings which are held at valuation.

Depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Fixtures & Fittings	-	25% reducing balance and 33.33% straight line
Motor Vehicles	-	25% reducing balance
Equipment	-	25% straight line

The company has adopted a policy of revaluation in respect of freehold land and buildings. Freehold land is not depreciated.

1. Accounting policies ***(continued)***

Revaluation surpluses are taken to the revaluation reserve. Deficits on subsequent revaluations are charged to the profit and loss account if they are considered to arise as a result of the consumption of the economic benefits provided by the asset. Other deficits on revaluation are charged to the revaluation reserve up to the amount of the associated revaluation surplus. Any excess deficits are charged to the profit and loss account.

Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer is made from the revaluation reserve to the profit and loss reserve.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year in accordance with the rules of the fund. The assets of the scheme are held separately from those of the company in an independently administered fund.

Deferred taxation

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

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

Foreign currencies

Monetary transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

1. **Accounting policies** ***(continued)***

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

Investments

Investments are stated at cost, being purchase price, less any provision for permanent diminution in value.

2. **Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2013	2012
	£	£
United Kingdom	17,322,729	15,784,078
Europe	675,269	439,577
Rest of the World	111,649	145,411
	18,109,647	16,369,066

3. **Other operating income**

	2013	2012
	£	£
Rent receivable	–	1,208

4. **Operating profit**

Operating profit is stated after charging/(crediting):

	2013	2012
	£	£
Amortisation of intangible assets	15,551	15,551
Depreciation of owned fixed assets	196,137	168,495
Profit on disposal of fixed assets	–	(1,064)
Auditor's remuneration		
- as auditor	17,300	9,800
- for other services	2,750	10,250
Operating lease costs:		
-Other	249,190	245,738
Net (profit)/loss on foreign currency translation	(25,035)	4,265

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2013	2012
	No	No
Number of operations staff	55	54
Number of administrative staff	12	10
Number of directors	9	8
	76	72

The aggregate payroll costs of the above were:

	2013	2012
	£	£
Wages and salaries	2,457,422	2,338,422
Social security costs	332,827	254,976
Other pension costs	108,610	87,437
	2,898,859	2,680,835

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2013	2012
	£	£
Aggregate remuneration	840,994	831,271
Value of company pension contributions to money purchase schemes	83,178	66,482
	924,172	897,753

Remuneration of highest paid director:

	2013	2012
	£	£
Total remuneration (excluding pension contributions)	170,526	170,592

The number of directors on whose behalf the company made pension contributions was as follows:

	2013	2012
	No	No
Money purchase schemes	7	7

7. Interest payable and similar charges

	2013	2012
	£	£
Interest payable on bank borrowing	70,230	72,659

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2013		2012	
	£	£	£	£
In respect of the year:				
UK Corporation tax		269,140		281,369
Over provision in prior year		(4,511)		-
		264,629		281,369
Deferred tax:				
Origination and reversal of timing differences	20,504		(34,286)	
Total deferred tax (note 15)		20,504		(34,286)
Tax on profit on ordinary activities		285,133		247,083

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23% (2012 - 24.50%).

	2013	2012
	£	£
Profit on ordinary activities before taxation	1,210,043	1,006,689
Profit on ordinary activities by rate of tax	278,310	246,639
Effects of:		
Expenses not deductible for tax purposes	5,921	28,248
Capital allowances for period in excess of depreciation	(15,350)	11,961
Tax chargeable at lower rates	(3,546)	(3,778)
Other short term timing differences	(706)	(1,701)
Total current tax (note 8(a))	264,629	281,369

9. Dividends

Equity dividends

	2013	2012
	£	£
Paid during the year:		
Equity dividends on ordinary shares	212,974	212,974

10. Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2013 and 31 December 2013	311,009
Amortisation	
At 1 January 2013	178,835
Charge for the year	15,551
At 31 December 2013	194,386
Net book value	
At 31 December 2013	116,623
At 31 December 2012	*132,174*

11. Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost or valuation					
At 1 January 2013	1,228,904	788,219	128,528	463,259	2,608,910
Additions	2,000	148,221	–	53,150	203,371
Disposals	–	–	–	(733)	(733)
Revaluation	206,500	–	–	–	206,500
At 31 December 2013	1,437,404	936,440	128,528	515,676	3,018,048
Depreciation					
At 1 January 2013	23,743	563,076	96,464	377,864	1,061,147
Charge for the year	24,618	123,323	8,017	40,179	196,137
At 31 December 2013	48,361	686,399	104,481	418,043	1,257,284
Net book value					
At 31 December 2013	1,389,043	250,041	24,047	97,633	1,760,764
At 31 December 2012	*1,205,161*	*225,143*	*32,064*	*85,395*	*1,547,763*

Freehold properties were revalued to £1,180,000 during 2011 by Holloway Iliffe and Mitchell, Chartered Surveyors, on the basis of open market value for existing use.

Freehold properties have been further revalued by the director's on an open market basis during the year. This has resulted in an increase in value of £206,500.

11. Tangible fixed assets *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2013	*2012*
	£	£
Historical cost:		
At 1 January 2013	1,234,705	1,185,801
Cost of additions to revalued assets brought forward	2,000	48,904
At 31 December 2013	1,236,705	1,234,705
Depreciation:		
At 1 January 2013	382,070	357,376
Charge for year	24,734	24,694
At 31 December 2013	406,804	382,070
Net historical cost value:		
At 31 December 2013	829,901	852,635
At 1 January 2013	852,635	828,425

12. Investments

	Shares in group undertakings
	£
Cost	
At 1 January 2013 and 31 December 2013	11,000
Amounts written off	
At 1 January 2013 and 31 December 2013	10,999
Net book value	
At 31 December 2013 and 31 December 2012	1

12. Investments ***(continued)***

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies:

Subsidiary undertakings	Country of registration or incorporation	Class	Shares held
Miner's International Limited	England and Wales	Ordinary shares	100%

	2013	2012
	£	£
Aggregate capital and reserves		
Miner's International Limited	1	1
Profit for the year		
Miner's International Limited	–	–

Miner's International Limited was dormant during this and the prior year.

The subsidiary is not material for the purpose of giving a true and fair view. The company has therefore taken advantage of the exemption provided by Section 405 of the Companies Act 2006 not to prepare group accounts.

13. Stocks

	2013	2012
	£	£
Finished goods	4,251,553	*3,859,268*

14. Debtors

	2013	2012
	£	£
Trade debtors	3,184,703	*2,620,440*
Other debtors	223,269	*490,849*
Prepayments and accrued income	153,466	*132,878*
Deferred taxation (note 15)	33,320	*53,824*
	3,594,758	*3,297,991*

15. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2013	2012
	£	£
Included in debtors (note 14)	33,320	53,824

The movement in the deferred taxation account during the year was:

	2013	2012
	£	£
At 1 January 2013	53,824	19,538
Profit and loss account movement arising during the year	(20,504)	34,286
At 31 December 2013	33,320	53,824

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

	2013	2012
	£	£
Excess of taxation allowances over depreciation on fixed assets	(3,088)	17,827
Other timing differences	36,408	35,997
	33,320	53,824

16. Creditors: Amounts falling due within one year

	2013	2012
	£	£
Bank loans and overdrafts	1,666,073	1,477,250
Trade creditors	1,844,768	2,164,081
Amounts owed to group undertakings	1	1
Corporation tax	269,140	281,369
PAYE and social security	74,824	65,151
VAT	247,576	427,295
Accruals and deferred income	1,173,810	622,942
	5,276,192	5,038,089

Bank loans and overdrafts are secured by a debenture, and a first legal charge over the company's freehold land and buildings.

The balance of £1,305,016 (2012 - £1,295,792) owing to Barclays Bank PLC, in relation to invoice discounting facilities, is secured on the debtors to which it relates. This amount is included within bank loans and overdrafts.

17. Creditors: Amounts falling due after more than one year

	2013	*2012*
	£	*£*
Bank loans	608,603	*714,834*

Bank loans are secured by a debenture, and a first legal charge over the company's freehold land and buildings.
Bank and other borrowings:

	2013	*2012*
	£	*£*
Between one year or on demand	103,346	100,065
Between one and two years	106,641	103,255
Between two and five year	340,753	329,933
Greater than five years	161,209	281,646
	711,949	814,899

18. Pensions

The company operates a defined contribution pension scheme. The pension cost charge represents the amounts payable by the company to the fund. Contributions payable by the company for the year are £108,610 (2012 - £87,437). Contributions of £12,055 (2012 - £5,163) were due at the balance sheet date and are included within accruals.

19. Commitments under operating leases

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	2013		*2012*	
	Land and buildings	Other Items	*Land and buildings*	*Other Items*
	£	£	*£*	*£*
Operating leases which expire:				
Within 1 year	-	40,037	-	*20,514*
Within 2 to 5 years	118,182	111,919	-	*111,919*
After more than 5 years	-	-	*118,182*	-
	118,182	151,956	*118,182*	*132,433*

20. Transactions with the directors

During the year, dividends were issued to directors with Class B and Class C shares of £158,182 (2012 - £158,182) and £54,792 (2012 - £54,792) respectively.

All dividends were paid during the year.

P T Murray has provided a personal guarantee of £nil (2012 - £200,000) as security for the bank loans and debentures as at 31 December 2013.

21. Related party transactions

At the year end £1 (2012 - £1) was owed to the subsidiary company, Miner's International Limited. This is included within amounts owed to group undertakings.

During the year, rent of £nil (2012 - £1,302) was received from 95 Black. Paul Murray PLC also purchased design services of £nil (2012 - £51,434) from 95 Black. 95 Black is owned by J Robertson, who was a spouse of G Robertson, a director of the company, during the year.

22. Share capital

Allotted, called up and fully paid:

	2013		*2012*	
	No	**£**	*No*	*£*
Ordinary £1 shares - Class A shares of £1 each	49,538	49,538	*49,538*	*49,538*
Ordinary £1 shares - Class B shares of £1 each	18,500	18,500	*18,500*	*18,500*
Ordinary £1 shares - Class C shares of £1 each	31,962	31,962	*31,962*	*31,962*
	100,000	100,000	*100,000*	*100,000*

Each share is entitled to one vote in any circumstance. All classes of shares rank equally on a winding up of the company. Dividends on each class of share are voted separately. If any share of the A or B class is sold or ownership transferred,the share becomes a C ordinary share.

23. Revaluation reserve

	2013	*2012*
	£	*£*
Balance brought forward	388,439	*388,466*
Revaluation of fixed assets	206,500	–
Transfer from/(to) the Profit and Loss Account on realisation	116	*(27)*
Balance carried forward	595,055	*388,439*

24. Profit and loss account

	2013	*2012*
	£	*£*
Balance brought forward	2,596,462	*2,049,803*
Profit for the financial year	924,910	*759,606*
Equity dividends	(212,974)	*(212,974)*
Transfer (to)/from revaluation reserve	(116)	*27*
Balance carried forward	3,308,282	*2,596,462*

25. Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	924,910	759,606
Other net recognised gains and losses	206,500	–
Equity dividends	(212,974)	(212,974)
Transfer from revaluation reserve	(116)	27
Transfer to profit and loss account	116	(27)
Net addition to shareholders' funds	918,436	546,632
Opening shareholders' funds	3,084,901	2,538,269
Closing shareholders' funds	4,003,337	3,084,901

26. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	1,280,273	1,079,348
Amortisation	15,551	15,551
Depreciation	196,137	168,495
Profit on disposal of fixed assets	–	(1,064)
Increase in stocks	(392,285)	(1,128,968)
Increase in debtors	(317,271)	(781,420)
Increase in creditors	61,509	1,260,917
Net cash inflow from operating activities	843,914	612,859

Reconciliation of net cash flow to movement in net debt

	2013 £	2013 £	2012 £	2012 £
Decrease in cash in the period	(21,736)		(155,643)	
Net cash outflow from bank loans	102,950		97,858	
Change in net debt		81,214		(57,785)
Net debt at 1 January 2013		(2,191,457)		(2,133,672)
Net debt at 31 December 2013		(2,110,243)		(2,191,457)

26. Notes to the cash flow statement ***(continued)***

Analysis of changes in net debt

	At 1 January 2013	Cash flows	At 31 December 2013
	£	£	£
Net cash:			
Cash in hand and at bank	627	163,806	164,433
Overdrafts	(1,377,185)	(185,542)	(1,562,727)
	(1,376,558)	(21,736)	(1,398,294)
Debt:			
Debt due within 1 year	(100,065)	(3,281)	(103,346)
Debt due after 1 year	(714,834)	106,231	(608,603)
	(814,899)	102,950	(711,949)
Net debt	(2,191,457)	81,214	(2,110,243)

27. Ultimate controlling party

The company is controlled by P T Murray and K J Murray, directors of the company, by virtue of their majority shareholding.