REGISTERED NUMBER: 01696152 (England and Wales)

# Strategic Report, Report of the Directors and

# Financial Statements

# for the Year Ended 31 December 2016

# for

# J G Paxton & Sons Limited

# Contents of the Financial Statements for the Year Ended 31 December 2016

J G Paxton & Sons Limited

Company Information
for the Year Ended 31 December 2016

| | |
|---|---|
| **DIRECTORS:** | W J Paxton<br>Mrs C P Paxton<br>P J Tallentire |
| **SECRETARY:** | W J Paxton |
| **REGISTERED OFFICE:** | Abbey Road<br>Pity Me<br>Co. Durham<br>DH1 5DQ |
| **REGISTERED NUMBER:** | 01696152 (England and Wales) |
| **AUDITORS:** | JN Straughan & Co.<br>Chartered Accountants<br>1st Floor, Portland House<br>Belmont Business Park<br>Durham<br>DH1 1TW |

## Strategic Report
## for the Year Ended 31 December 2016

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

**REVIEW OF BUSINESS**
2016 saw a much improved all round performance from our company. Machinery sales experienced a surge which was much needed after a couple of quieter years. Always being at the whim of suppliers changing models or at the mercy of legislation on emissions means that supply of machinery cannot be guaranteed and that means that it is difficult to forecast too far ahead but we hope that machinery sales will remain at a higher level in 2016. Our key suppliers hold prominent sometimes dominant market positions which will aid us to that end.

The Directors were pleased with the overall performance of the company.

The Company's key financial performance indicators for the year were:

| | 2016 | 2015 | % Movement |
|---|---|---|---|
| Turnover | 21,709,339 | 18,428,921 | 17.80% |
| Operating Profit | 313,662 | 143,899 | 218% |
| Profit after Taxation | 203,368 | 33,800 | 600% |
| Shareholders' Funds | 4,632,160 | 4,428,792 | 4.59% |

**PRINCIPAL RISKS AND UNCERTAINTIES**
As always the weather and world grain prices are our chief risks and we remain confident that we can use our experience to overcome any challenges that may come our way. It remains to be seen what risks may emerge if we withdraw from Europe particularly with reference to subsidy payments as details for a potential replacement to the SFP still remain unconfirmed at the time of writing.

Price Risk, Credit Risk, Liquidity Risk and Cash Flow Risk.
Cash flow remains our biggest risk but new policies are now yielding good results and our used stock is now firmly under control. We continue to invest in our computer management system so as to minimise parts stock holding without availability to customers of parts being affected. There is a constant risk from our customers sourcing spurious parts via the internet but we are working with the best of these suppliers ourselves so that we are partaking in these markets too.

We police debtors thoroughly to prevent unnecessary exposure. Constant monitoring and reviewing keeps everything under control.

**ON BEHALF OF THE BOARD:**

W J Paxton

W J Paxton - Secretary

18 July 2017

# Report of the Directors
## for the Year Ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

**PRINCIPAL ACTIVITY**
The principal activity of the company in the year under review was that of the sale and servicing of agricultural machinery.

**DIVIDENDS**
No dividends have been distributed for the year ended 31 December 2016.

**DIRECTORS**
The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

W J Paxton
Mrs C P Paxton
P J Tallentire

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**
The auditors, JN Straughan & Co., will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

W. J. Paxton

W J Paxton - Secretary

18 July 2017

## Report of the Independent Auditors to the Members of J G Paxton & Sons Limited

We have audited the financial statements of J G Paxton & Sons Limited for the year ended 31 December 2016 on pages six to twenty one. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

**Respective responsibilities of directors and auditors**

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

**Report of the Independent Auditors to the Members of J G Paxton & Sons Limited**

**Matters on which we are required to report by exception**

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

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

Mr WH Sawyer (Senior Statutory Auditor)
for and on behalf of JN Straughan & Co.
Chartered Accountants
1st Floor, Portland House
Belmont Business Park
Durham
DH1 1TW

18 July 2017

## Statement of Comprehensive Income
## for the Year Ended 31 December 2016

| | Notes | 2016 £ | 2015 £ |
|---|---|---|---|
| **TURNOVER** | 3 | 21,709,339 | 18,428,921 |
| Cost of sales | | 19,328,072 | 16,197,673 |
| **GROSS PROFIT** | | 2,381,267 | 2,231,248 |
| Administrative expenses | | 2,077,991 | 2,096,063 |
| | | 303,276 | 135,185 |
| Other operating income | | 10,386 | 8,714 |
| **OPERATING PROFIT** | 5 | 313,662 | 143,899 |
| Interest payable and similar expenses | 6 | 54,776 | 89,054 |
| **PROFIT BEFORE TAXATION** | | 258,886 | 54,845 |
| Tax on profit | 7 | 55,518 | 21,045 |
| **PROFIT FOR THE FINANCIAL YEAR** | | 203,368 | 33,800 |
| **OTHER COMPREHENSIVE INCOME** | | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | 203,368 | 33,800 |

The notes form part of these financial statements

**Balance Sheet**
**31 December 2016**

| | Notes | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 8 | | 69,277 | | 72,923 |
| Property, plant and equipment | 9 | | 3,480,208 | | 3,542,502 |
| | | | 3,549,485 | | 3,615,425 |
| **CURRENT ASSETS** | | | | | |
| Inventories | 10 | 4,872,095 | | 4,857,120 | |
| Debtors | 11 | 1,841,041 | | 991,472 | |
| Cash in hand | | 1,550 | | 1,550 | |
| | | 6,714,686 | | 5,850,142 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 12 | 4,771,163 | | 4,077,362 | |
| **NET CURRENT ASSETS** | | | 1,943,523 | | 1,772,780 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 5,493,008 | | 5,388,205 |
| **CREDITORS** | | | | | |
| Amounts falling due after more than one year | 13 | | (809,519) | | (904,802) |
| **PROVISIONS FOR LIABILITIES** | 17 | | (51,329) | | (54,611) |
| **NET ASSETS** | | | 4,632,160 | | 4,428,792 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 18 | | 100,000 | | 100,000 |
| Share premium | 19 | | 5,316 | | 5,316 |
| Retained earnings | 19 | | 4,526,844 | | 4,323,476 |
| **SHAREHOLDERS' FUNDS** | | | 4,632,160 | | 4,428,792 |

The financial statements were approved by the Board of Directors on 18 July 2017 and were signed on its behalf by:

W J Paxton - Director

Mrs C P Paxton - Director

P J Tallentire - Director

The notes form part of these financial statements

## Statement of Changes in Equity
## for the Year Ended 31 December 2016

| | Called up share capital £ | Retained earnings £ | Share premium £ | Total equity £ |
|---|---|---|---|---|
| **Balance at 1 January 2015** | 100,000 | 4,289,676 | 5,316 | 4,394,992 |
| **Changes in equity** | | | | |
| Total comprehensive income | - | 33,800 | - | 33,800 |
| **Balance at 31 December 2015** | 100,000 | 4,323,476 | 5,316 | 4,428,792 |
| **Changes in equity** | | | | |
| Total comprehensive income | - | 203,368 | - | 203,368 |
| **Balance at 31 December 2016** | 100,000 | 4,526,844 | 5,316 | 4,632,160 |

The notes form part of these financial statements

## Cash Flow Statement
## for the Year Ended 31 December 2016

| | Notes | 2016<br>£ | 2015<br>£ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 1 | 311,395 | 397,061 |
| Interest paid | | (54,277) | (86,850) |
| Interest element of hire purchase payments paid | | (499) | (2,204) |
| Tax paid | | (20,888) | (22,170) |
| Net cash from operating activities | | 235,731 | 285,837 |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | | (9,965) | (47,716) |
| Sale of tangible fixed assets | | 750 | 65,023 |
| Net cash from investing activities | | (9,215) | 17,307 |
| **Cash flows from financing activities** | | | |
| Loan repayments in year | | (83,725) | (61,483) |
| Capital repayments in year | | (23,452) | (160,645) |
| Net cash from financing activities | | (107,177) | (222,128) |
| **Increase in cash and cash equivalents** | | 119,339 | 81,016 |
| **Cash and cash equivalents at beginning of year** | 2 | (909,410) | (990,426) |
| **Cash and cash equivalents at end of year** | 2 | (790,071) | (909,410) |

The notes form part of these financial statements

## Notes to the Cash Flow Statement
## for the Year Ended 31 December 2016

### 1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Profit before taxation | 258,886 | 54,845 |
| Depreciation charges | 130,982 | 143,391 |
| Loss/(profit) on disposal of fixed assets | 266 | (6,056) |
| Finance costs | 54,776 | 89,054 |
| | 444,910 | 281,234 |
| Increase in inventories | (14,975) | (127,774) |
| (Increase)/decrease in trade and other debtors | (849,569) | 246,682 |
| Increase/(decrease) in trade and other creditors | 731,029 | (3,081) |
| **Cash generated from operations** | 311,395 | 397,061 |

### 2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2016**

| | 31.12.16 | 1.1.16 |
|---|---|---|
| | £ | £ |
| Cash and cash equivalents | 1,550 | 1,550 |
| Bank overdrafts | (791,621) | (910,960) |
| | (790,071) | (909,410) |

**Year ended 31 December 2015**

| | 31.12.15 | 1.1.15 |
|---|---|---|
| | £ | £ |
| Cash and cash equivalents | 1,550 | 1,350 |
| Bank overdrafts | (910,960) | (991,776) |
| | (909,410) | (990,426) |

1. **STATUTORY INFORMATION**

J G Paxton & Sons Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The presentation currency is £ sterling.

**Turnover and income recognition**
The company's turnover represents the value, excluding discounts, rebates and value added tax, of goods and services supplied to customers during the year.

Income is recognised when goods have been delivered to customers such that risks and rewards of ownership have been transferred to them.

**Goodwill**
Goodwill, being the amount paid in connection with the acquisition of a business in 2012, is being amortised evenly over its estimated useful life of twenty years.

The above-mentioned useful life has been carried forward upon application of FRS 102 as the directors believe that such a period is consistent with the nature of the business acquired in 2012.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

**Intangible assets**
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**Property, plant and equipment - depreciation**
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

| | |
|---|---|
| Freehold property | - 2% on cost |
| Leasehold Property Improvements | - Period of Lease |
| Long leasehold | - 2% on cost |
| Plant and machinery | - 20% on reducing balance and 10% on reducing balance |
| Fixtures and fittings | - 25% on reducing balance and 10% on reducing balance |
| Motor vehicles | - 25% on reducing balance |

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use.

In accordance with generally accepted accounting principles, depreciation is not provided on Payments on Account.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.



continued...

2. **ACCOUNTING POLICIES - continued**

**Inventories**
Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on a basis which approximates to the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit
in the profit and loss account.

**Taxation**
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

**Pension costs and other post-retirement benefits**
The company contributes to personal pension schemes in respect of certain employees. Contributions are charged to the Profit and Loss Account as incurred.



continued...

2. **ACCOUNTING POLICIES - continued**

**Financial instruments**
(i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

**Borrowing costs**
Borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Leased assets**
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

3. **TURNOVER**

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

An analysis of turnover by class of business is given below:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Sales of goods | 20,319,899 | 17,026,557 |
| Service income | 1,389,440 | 1,402,364 |
| | 21,709,339 | 18,428,921 |

4. **EMPLOYEES AND DIRECTORS**

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 1,811,041 | 1,836,867 |
| Social security costs | 168,668 | 175,588 |
| Other pension costs | 88,557 | 81,052 |
| | 2,068,266 | 2,093,507 |

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

| | 2016 | 2015 |
|---|---|---|
| Office and Management | 8 | 11 |
| Sales, Fitters and Wagon Driver | 46 | 44 |
| Stores | 12 | 15 |
| | 66 | 70 |



continued...

## 4. EMPLOYEES AND DIRECTORS - continued

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Directors' remuneration | 166,654 | 172,400 |
| Directors' pension contributions to money purchase schemes | 13,188 | 7,101 |

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

| | | |
|---|---|---|
| Money purchase schemes | 2 | 2 |

## 5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Depreciation - owned assets | 117,958 | 121,097 |
| Depreciation - assets on hire purchase contracts | 9,379 | 18,456 |
| Loss/(profit) on disposal of fixed assets | 266 | (6,055) |
| Goodwill amortisation | 3,646 | 3,838 |
| Auditors' Remuneration | 10,500 | 10,500 |
| Lease payments recognised as an expense | 40,000 | 38,000 |
| Inventories recognised as an expense | 18,408,263 | 15,341,679 |

## 6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Bank interest | 28,310 | 47,937 |
| Bank loan interest | 25,967 | 38,913 |
| Hire purchase | 499 | 2,204 |
| | 54,776 | 89,054 |

## 7. TAXATION

**Analysis of the tax charge**
The tax charge on the profit for the year was as follows:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 58,800 | 20,888 |
| Deferred tax | (3,282) | 157 |
| Tax on profit | 55,518 | 21,045 |

UK corporation tax has been charged at 20% (2015 - 20%).



continued...

## 7. TAXATION - continued

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Profit before tax | 258,886 | 54,845 |
| Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%) | 51,777 | 11,106 |
| Effects of: | | |
| Income not taxable for tax purposes | - | (196) |
| Depreciation in excess of capital allowances | 8,591 | 8,394 |
| Application of Small Companies rate of Corporation Tax | - | (136) |
| Corporation tax - Origination and reversal of timing differences | (1,568) | 1,720 |
| Deferred tax - Origination and reversal of timing differences | (3,282) | 157 |
| Total tax charge | 55,518 | 21,045 |

## 8. INTANGIBLE FIXED ASSETS

| | Goodwill |
|---|---|
| | £ |
| **COST** | |
| At 1 January 2016 and 31 December 2016 | 86,495 |
| **AMORTISATION** | |
| At 1 January 2016 | 13,572 |
| Amortisation for year | 3,646 |
| At 31 December 2016 | 17,218 |
| **NET BOOK VALUE** | |
| At 31 December 2016 | 69,277 |
| At 31 December 2015 | 72,923 |



continued...

## 9. PROPERTY, PLANT AND EQUIPMENT

| | Freehold property £ | Leasehold Property Improvements £ | Long leasehold £ |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2016 | 2,835,196 | 177,959 | 514,229 |
| At 31 December 2016 | 2,835,196 | 177,959 | 514,229 |
| **DEPRECIATION** | | | |
| At 1 January 2016 | 247,551 | 22,607 | 106,107 |
| Charge for year | 31,206 | 3,208 | 7,542 |
| Eliminated on disposal | - | - | - |
| At 31 December 2016 | 278,757 | 25,815 | 113,649 |
| **NET BOOK VALUE** | | | |
| At 31 December 2016 | 2,556,439 | 152,144 | 400,580 |
| At 31 December 2015 | 2,587,645 | 155,352 | 408,122 |

| | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 January 2016 | 244,193 | 279,625 | 689,623 | 4,740,825 |
| Additions | 3,102 | 6,862 | 56,095 | 66,059 |
| Disposals | - | - | (29,259) | (29,259) |
| At 31 December 2016 | 247,295 | 286,487 | 716,459 | 4,777,625 |
| **DEPRECIATION** | | | | |
| At 1 January 2016 | 187,247 | 164,593 | 470,218 | 1,198,323 |
| Charge for year | 13,928 | 20,175 | 51,278 | 127,337 |
| Eliminated on disposal | - | - | (28,243) | (28,243) |
| At 31 December 2016 | 201,175 | 184,768 | 493,253 | 1,297,417 |
| **NET BOOK VALUE** | | | | |
| At 31 December 2016 | 46,120 | 101,719 | 223,206 | 3,480,208 |
| At 31 December 2015 | 56,946 | 115,032 | 219,405 | 3,542,502 |



continued...

## 9. PROPERTY, PLANT AND EQUIPMENT - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

| | Motor vehicles £ |
|---|---|
| **COST** | |
| At 1 January 2016 | 121,155 |
| Additions | 56,094 |
| Transfer to ownership | (98,595) |
| At 31 December 2016 | 78,654 |
| **DEPRECIATION** | |
| At 1 January 2016 | 50,861 |
| Charge for year | 9,379 |
| Transfer to ownership | (44,951) |
| At 31 December 2016 | 15,289 |
| **NET BOOK VALUE** | |
| At 31 December 2016 | 63,365 |
| At 31 December 2015 | 70,294 |

Hire Purchase creditors are secured on related assets.

## 10. INVENTORIES

| | 2016 £ | 2015 £ |
|---|---|---|
| Finished Goods for Resale | 4,872,095 | 4,857,120 |

## 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|---|---|---|
| Trade debtors | 1,494,079 | 819,247 |
| Other debtors | 75,418 | 99,068 |
| Prepayments | 271,544 | 73,157 |
| | 1,841,041 | 991,472 |

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|---|---|---|
| Bank loans and overdrafts (see note 14) | 860,625 | 975,539 |
| Hire purchase contracts (see note 15) | 48,416 | 9,619 |
| Trade creditors | 3,402,881 | 2,709,105 |
| Tax | 58,800 | 20,888 |
| Social Security and Other Taxation | 47,409 | 45,817 |
| VAT | 93,351 | 114,893 |
| Other creditors | 435 | 435 |
| Payments received on account | 100,720 | 58,288 |
| Accrued expenses | 158,526 | 142,778 |
| | 4,771,163 | 4,077,362 |


continued...

## 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Bank loans (see note 14) | 765,487 | 853,638 |
| Hire purchase contracts (see note 15) | - | 6,155 |
| Accruals and deferred income | 44,032 | 45,009 |
| | 809,519 | 904,802 |

## 14. LOANS

An analysis of the maturity of loans is given below:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | 791,621 | 910,960 |
| Bank loans | 69,004 | 64,579 |
| | 860,625 | 975,539 |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | 71,722 | 67,346 |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | 232,226 | 219,100 |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Bank Loan | 461,539 | 567,192 |

The Company meets its day to day working capital requirements through an overdraft facility with Barclays Bank plc, which is repayable on demand. The Company expects to operate within the facility currently agreed. This view is based on the company's forecasts and takes account of recent discussions with its bankers. Inherently, however, there can be no certainty in relation to those views.

Bank Loans are subject to interest of 3.5% per annum above 3M Libor. The term is a committed term of 5 years with 10 year amortisation. Repayments are currently at the rate of £25,000 per quarter (before the effect of interest charges).

One of the covenants in place in respect of the above facilities requires that 1.75 times the value of Trade Debtors less than or equal to 90 days to be greater than two times the bank overdraft balance. This covenant was met throughout the financial year and, at the date that these financial statements were authorised for issue, the covenant was also met.



continued...

## 15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

| | Hire purchase contracts | |
|---|---|---|
| | 2016 | 2015 |
| | £ | £ |
| Gross obligations repayable: | | |
| Within one year | 49,097 | 9,952 |
| Between one and five years | - | 6,155 |
| | 49,097 | 16,107 |
| Finance charges repayable: | | |
| Within one year | 681 | 333 |
| Net obligations repayable: | | |
| Within one year | 48,416 | 9,619 |
| Between one and five years | - | 6,155 |
| | 48,416 | 15,774 |

| | Non-cancellable operating leases | |
|---|---|---|
| | 2016 | 2015 |
| | £ | £ |
| Within one year | 9,123 | 9,123 |
| Between one and five years | 9,210 | 18,333 |
| In more than five years | 200,000 | 190,000 |
| | 218,333 | 217,456 |



continued...

## 16. SECURED DEBTS

The following secured debts are included within creditors:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Bank overdrafts | 791,621 | 910,960 |
| Bank loans | 834,491 | 918,217 |
| Hire purchase contracts | 48,416 | 15,774 |
| | 1,674,528 | 1,844,951 |

Barclays Bank plc hold legal charges {on the bank's standard form dated 2 April 2014} against the following property owned by the Company:

Freehold Land and Property at Abbey Road, Pity Me, Durham
Long Leasehold Land and Property at Lionheart Enterprise Park, Alnwick
Freehold Land and Property at Bentham, near Lancaster, North Yorkshire

The carrying value of Freehold property at 31 December 2016 was £2,556,439 [2015 £2,587,645].

The carrying value of Long Leasehold property at 31 December 2016 £400,580 [2015 £408,122].

Additionally Barclays Bank plc hold a debenture (on the bank's standard form dated 27 March 2014).

## 17. PROVISIONS FOR LIABILITIES

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Deferred tax | 51,329 | 54,611 |

| | Deferred tax |
|---|---|
| | £ |
| Balance at 1 January 2016 | 54,611 |
| Credit to Statement of Comprehensive Income during year | (3,282) |
| Balance at 31 December 2016 | 51,329 |

The above deferred tax provision relates wholly to the origination and reversal of timing differences.

## 18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2016 | 2015 |
|---|---|---|---|---|
| | | | £ | £ |
| 100,000 | Ordinary | £1 | 100,000 | 100,000 |

Each ordinary share is entitled to one vote in any circumstances. Each share has equal rights to dividends and each share is entitled to particpate in a distribution arising from a winding up of the Company.



continued...

## 19. RESERVES

| | Retained earnings £ | Share premium £ | Totals £ |
|---|---|---|---|
| At 1 January 2016 | 4,323,476 | 5,316 | 4,328,792 |
| Profit for the year | 203,368 | | 203,368 |
| At 31 December 2016 | 4,526,844 | 5,316 | 4,532,160 |

## 20. PENSION COMMITMENTS

Defined Contribution Scheme

The company contributes to personal pensions in respect of certain employees and the amounts payable for the year amounted to £88,557 (2015 - £81,052).

At the end of the financial year, amounts accrued in respect of employee contributions were £1,191 (2015 £14,569).

## 21. RELATED PARTY DISCLOSURES

During the Year the Company rented premises at Northallerton from the pension fund of Mr W J Paxton. The amount of rent charged to the profit and loss account during the year was £40,000 (2015 £38,000).