

William Lamb Group Limited

**Directors' report and financial
statements**

Registered number 2513251

31 December 2015

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Strategic report

Principal activities

The principal business activity is the design and supply of footwear on a made to order basis.

Business model

The business's main market segment is children's footwear where the Company has established long standing agreements with key licensors.

With one of the largest design teams in the sector, a heritage of footwear manufacture and technical and sourcing experience, the company provides a complete service package for its customer base.

The Company works closely with its customers to develop products, typically 6 to 12 months in advance of the pending season, which are then sourced from its overseas network of suppliers.

Products are also offered on an in-stock basis and the business is expanding its adult footwear offering as well as exploring other growth opportunities.

Business review and results

The Company has had a successful year in terms of sales growth and gross profits although margins have deteriorated as the business has striven to increase market share and has invited in additional senior management support.

Turnover increased by 17% to £60,428,654 (2014: £51,748,836) and gross profit margin decreased to 18.5% (2014: 20.6%).

Normal operating expenses of £8,740,733 (14% of sales) were higher than in the previous period of £7,786,710 (15% of sales), but proportionally lower as a percentage of sales.

Finance charges in respect of invoice finance debts of £92,928 (0.15% of sales) were higher than in the previous period of £25,657 (0.5% of sales).

Profit before taxation was £2,368,586 (2014: £2,831,041).

Key performance indicators

Management monitors the performance of the operations compared to prior year, budget and latest forecast.

KPI's monitored on a weekly basis are:

- Sales volume and value
- Order book intake volume and value
- Product group volume and value
- Sales and order book gross margin
- Delivery and quality performance

KPI's monitored on a monthly basis are as above plus:

- Development style volume, value and success (hit) rate.
- Factory loadings
- Profit and cash generation
- Sales forecasts
- Health and safety accident rate
- Staff attendance

Strategic report *(continued)*

The Company focuses heavily on future prospects with particular emphasis on sales order book and margins. The business has a relatively high fixed cost base and needs to monitor trends closely to ensure that net margins are maintained.

Sufficient supplier capacity is also key in terms of both volume and mix capabilities, consequently design allocation and subsequent factory loadings are assessed on a regular basis, both short and medium term as it is vital to maintain continuity of supply. Given the increased product sourcing requirements of both customers and licensors the company is investing resource into the development of even closer ties with its supply base with the objective of going wider and deeper with existing product providers.

Principal risks and uncertainties

The most significant risks to the company's profitability are:

- Increased cost of materials
- Reduced demand from the company's main markets
- The lack of credit insurance
- Increased competition for children's licenses
- The growing volume and complexity of customer demands in terms of the ethical and technical requirements of product sourcing.

The board has strategies to manage these risks and remains confident of continued success.

Future developments

Prospects for the group remain encouraging. The birth rate demographic allied to fewer suppliers in the market will provide opportunities for further growth. The Company has continued to expand its adult product range including focus on the Company's own brands, new product areas and potential new markets and customers.

Signed on behalf of the Board



DA Ratcliffe
Director

Bottom Boat Road
Stanley
Wakefield
WF3 4AY

15 June 2016

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2015.

In accordance with section 414c(ii) of the Companies Act 2006, information required in the directors' report has been set out in the Company's Strategic Report in respect of the company's principal activities business review and results, key performance indicators and principal risks and uncertainties.

Balance sheet

The directors are pleased to present financial statements showing shareholders funds of £6,704,376 as at 31 December 2015 compared to funds of £6,293,117 as at 31 December 2014.

Future prospects

The directors remain confident about the long-term prospects for the company.

Cost control and margin enhancement remain key objectives. Allied to the quality of the Company's products and the continued strength of relationships with customers prospects remain satisfactory in 2016.

Dividends

The directors have recommended and approved the payment of a final dividend of £1,500,000 (2014: £1,200,000).

Directors

The directors who held office during the year were as follows:

SH Lamb
DA Ratcliffe
AN Cook
C Hargreaves
J Watson
PR Ablett
CJ Wheeler

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/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

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



DA Ratcliffe
Director

Bottom Boat Road
Stanley
Wakefield
WF3 4AY

15 June 2016

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

The directors are responsible for preparing the Strategic Report, 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) including FRS 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 judgments 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

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of William Lamb Group Limited

We have audited the financial statements of William Lamb Group Limited for the year ended 31 December 2015 set out on pages 8 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) including FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 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 to express the 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 web-site 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 2015 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 Strategic Report and 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 William Lamb Group 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.


Malcolm Harding (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

 June 2016

Profit and loss account
for the year ended 31 December 2015

		2015 £	Restated 2014 £
Turnover	2	60,428,654	51,748,836
Cost of sales		(49,225,250)	(41,104,617)
		<hr/>	<hr/>
Gross profit		11,203,404	10,644,219
Distribution costs		(1,605,813)	(1,417,299)
Administrative expenses		(7,134,920)	(6,369,411)
		<hr/>	<hr/>
Operating profit		2,462,671	2,857,509
Interest payable and similar charges	6	(94,085)	(26,468)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	2,368,586	2,831,041
Tax on profit on ordinary activities	7	(457,327)	(600,187)
		<hr/>	<hr/>
Profit for the financial year		1,911,259	2,230,854
		<hr/>	<hr/>

There are no recognised gains or losses other than the profit for both financial years stated above.

All the profits derive from continuing activities.

The notes on pages 11-21 form part of these financial statements.

Balance sheet
at 31 December 2015

	Note	£	2015 £	£	Restated 2014 £
Fixed assets					
Tangible assets	8	696,732		758,390	
			696,732		758,390
Current assets					
Stocks	9	3,583,236		3,693,377	
Debtors	10	15,958,824		10,362,170	
Cash and cash equivalents		16,573		35,636	
		19,558,633		14,091,183	
Creditors: amounts falling due within one year	11	(13,520,219)		(8,518,481)	
Net current assets			6,038,414		5,572,702
Total assets less current liabilities			6,735,146		6,331,092
Provision for liabilities and charges	12		(30,770)		(37,975)
Net assets			6,704,376		6,293,117
Capital and reserves					
Called up share capital	13		2		2
Profit and loss account	14		6,704,374		6,293,115
Shareholders' funds	14		6,704,376		6,293,117

These financial statements were approved by the board of directors on 15 June 2016 and were signed on its behalf by:



DA Ratcliffe
Director

The notes on pages 11-21 form part of these financial statements.

Statement of Changes in Equity

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2014	2	5,296,463	5,296,463
Effect of change in accounting policy	-	(34,202)	(34,202)
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2014 restated	2	5,262,261	5,262,263
Profit for the financial year	-	2,230,854	2,230,854
Dividends	-	(1,200,000)	(1,200,000)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	2	6,293,115	6,293,117
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2015	2	6,293,115	6,293,117
Profit for the financial year	-	1,911,259	1,911,259
Dividends	-	(1,500,000)	(1,500,000)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	2	6,704,374	6,704,376
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11-21 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

William Lamb Group Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 20.

The Company's ultimate parent undertaking, William Lamb Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of William Lamb Holdings Limited are available to the public and may be obtained from Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of William Lamb Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these 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 available funds of £2,616,369 to drawdown from the invoice finance facility against outstanding trade debtors at the year end date. The company's forecasts and projections, taking into account reasonable sensitivities in trading performance, show that the company is able to operate within the level of its current available funds. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Notes (continued)

1 Accounting policies (continued)

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	-	50-100 years
Plant and machinery	-	20 years
Motor vehicles	-	4 -5 years
Fixtures and fittings	-	10 years
Computers	-	5 years

Land is not depreciated.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions and other post-retirement benefits

The company's parent undertaking operates a defined contribution pension scheme for the benefit of eligible employees. Contributions to these schemes are charged to the profit and loss account as incurred (note 17):

Stocks

Stocks are stated at the lower of cost and net realisable value.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Taxation

The charge for taxation is based on the profit for the year. Deferred tax is recognised in respect of differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year net of customer discounts and arises wholly within the United Kingdom and Europe.

Notes (continued)

2 Analysis of turnover

In the opinion of the directors the company operates in one class of business only. All turnover originated in the United Kingdom. Turnover by distribution can be analysed over the following geographical markets:

	2015 £	2014 £
United Kingdom	57,856,481	50,753,201
Europe	2,572,173	995,635
	<u>60,428,654</u>	<u>51,748,836</u>

3 Profit on ordinary activities before taxation

	2015 £	2014 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditor's remuneration - Audit of these financial statements	28,000	26,750
- Taxation	6,800	6,800
- Other services	10,930	4,445
Depreciation of tangible fixed assets:		
- Owned	158,191	132,623
Profit on disposal of tangible fixed assets	-	6,800
	<u>193,921</u>	<u>167,418</u>

4 Remuneration of directors

	2015 £	2014 £
Directors emoluments	745,864	647,044
Company contributions to pension scheme	43,670	26,077
	<u>789,534</u>	<u>673,121</u>

The emoluments of the highest paid director were £196,103 (2014: £165,523). The number of directors to whom retirement benefits are accruing under defined contribution schemes is 3 (2014: 3).

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Management, sales and administration	109	100

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	4,134,803	3,491,802
Social security costs	410,697	279,316
Other pension costs	177,165	130,085
	<u>4,722,665</u>	<u>3,901,203</u>

6 Interest payable and similar charges

	2015 £	2014 £
Invoice finance interest	92,928	25,657
Corporation tax	1,157	811
	<u>94,085</u>	<u>26,468</u>

Notes (continued)

7 Taxation

	2015 £	2014 £
<i>UK corporation tax</i>		
Current tax on profit for period	464,532	567,202
Total current tax	464,532	567,202
<i>Deferred tax</i>		
Origination of timing differences	(3,408)	32,985
Effect of increased/decreased tax rate	(3,797)	-
Total deferred tax charge/(credit) (note 12)	(7,205)	32,985
Tax on profit on ordinary activities	457,327	600,187

The tax assessed for the period is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained as follows:

	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,368,586	2,831,041
Current tax at 20.25% (2014: 21.49%)	479,639	608,391
<i>Effects of:</i>		
Expenses not deductible	21,621	8,917
Fixed asset timing differences	3,210	1,214
Group relief claimed	(40,562)	(133)
Other tax adjustments, reliefs and transfers	-	-
Capital allowances in excess of depreciation	-	(35,448)
Depreciation in excess of capital allowances	624	-
Transition to FRS102	-	(15,661)
Origination of timing differences in deferred tax	(3,408)	32,985
Effect of increased/decreased tax rate on deferred tax	(3,797)	-
Land Remediation Expenditure	-	(78)
Total current tax charge	457,327	600,187

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016.

Notes (continued)

8 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Computers £	Fixtures and fittings £	Total £
Cost						
At beginning of year	370,832	171,610	125,091	776,756	741,911	2,186,200
Additions	9,630	8,196	-	73,515	13,871	105,212
Disposals	-	(17,000)	-	(158,143)	(127,760)	(302,903)
At end of year	380,462	162,806	125,091	692,128	628,022	1,988,509
Depreciation						
At beginning of year	186,689	63,761	100,137	558,606	518,617	1,427,810
Charge for year	5,934	9,131	17,370	74,587	51,169	158,191
Disposals	-	(11,315)	-	(158,143)	(124,766)	(294,224)
At end of year	192,623	61,577	117,507	475,050	445,020	1,291,777
Net book value						
At 31 December 2015	187,839	101,229	7,584	217,078	183,002	696,732
At 31 December 2014	184,143	107,849	24,954	218,150	223,294	758,390

Land and buildings includes land with a value of £64,377 at 31 December 2015 (2014: 68,013).

9 Stocks

	2015 £	2014 £
Raw materials and consumables	316,930	249,999
Finished goods and goods for resale	3,266,306	3,443,378
	<u>3,583,236</u>	<u>3,693,377</u>

10 Debtors

	2015 £	2014 £
Trade debtors	10,739,713	9,242,987
Amounts due from group undertakings	4,259,737	-
Other debtors	71,167	136,241
Prepayments and accrued income	888,207	982,942
	<u>15,958,824</u>	<u>10,362,170</u>

Notes (continued)

11 Creditors: amounts falling due within one year

	2015 £	2014 £
Bank overdraft and invoice finance	6,416,405	1,530,591
Trade creditors	4,790,225	4,600,079
Amounts owed to group undertakings	485,645	485,430
Other taxes and social security	98,918	87,915
Other creditors	44,287	85,087
Corporation tax creditor	189,532	342,202
Accruals and deferred income	1,495,207	1,387,177
	<u>13,520,219</u>	<u>8,518,481</u>

The Company obtains working capital through an invoice finance facility with HSBC Bank plc. Under the terms of the financing arrangement the Company may draw down funds up to a maximum value which is a fixed proportion of the eligible trade debtors. Interest is charged on the funds drawn from the facility at 1.5% above Base Rate.

The invoice finance facility and the bank overdraft are secured, by fixed and floating charges over the assets and book debts of the Company and of its parent company William Lamb (Holdings) Limited.

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 Deferred taxation

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

	2015 £	2014 £
Provisions for liabilities and charges	<u>(30,770)</u>	<u>(37,975)</u>

The movement in deferred tax during the year was as follows:

	2015 £	2014 £
At beginning of year	(37,975)	(4,990)
Credit/(charge) to the profit and loss account (note 7)	<u>7,205</u>	<u>(32,985)</u>
At end of year	<u>(30,770)</u>	<u>(37,975)</u>

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

	2015 £	2014 £
Excess of taxation allowances over depreciation on fixed assets	<u>(30,770)</u>	<u>(37,975)</u>

13 Called up share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
2 (2014: 2) Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notes (continued)

14 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2015 £	2014 £
Assets measured at fair value through profit or loss	15,958,824	10,362,170
Liabilities measured at fair value through profit or loss	(13,520,219)	(8,518,481)
	<u> </u>	<u> </u>

Financial instruments consist of debtors and creditors and are measured at fair value.

15 Contingent liabilities

The company has guaranteed the overdrafts of its parent and fellow subsidiary undertakings. The amount outstanding at the year end was £nil (2014: £nil).

On 31 December 2015, the company had outstanding forward foreign currency exchange contracts with a Sterling equivalent value of £1,646,358 (2014: £604,756). A revaluation loss of £2,703 has been recognised in these financial statements.

16 Pension scheme

During the period the company operated a defined contribution pension plan. Employer contributions are paid to this scheme at the rate of 5.5% of pensionable salaries. Employer contributions during the year were £177,165 (2014: £130,085). Employee contributions are voluntary.

Notes (continued)

17 Related party transactions

The Company has taken advantage of the exemption within FRS 8 not to disclose transactions with group undertakings.

Mr PR Ablett, a director of William Lamb Group Limited is also a director and the sole shareholder of Juju Limited.

During the year ended 31 December 2015, William Lamb Group Limited purchased goods and services from Juju Limited totalling £1,986,344. There was an amount of £472,233 due to Juju Limited at 31 December 2015.

During the year ended 31 December 2015, William Lamb Group Limited paid operating lease rentals of £180,000 (2014: £180,000) to the William Lamb 1990 Retirement and Death Scheme, Mr SH Lamb, Mr DA Ratcliffe and Mrs CJ Wheeler, directors of William Lamb (Holdings) Limited are trustees of the scheme.

18 Operating lease commitments

The following operating lease payments are committed to be paid.

	2015 £	2014 £
Expiry within 1 year	-	180,000
Expiring within 3 years	540,000	-
	<u>540,000</u>	<u>-</u>

19 Ultimate parent company

The Company is a subsidiary undertaking of William Lamb (Holdings) Limited, a company registered in England and Wales.

The consolidated financial statements are available to the public, and may be obtained from Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Notes (continued)

20 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	Note	1 January 2014			31 December 2014		
		Adopted UK GAAP	Effect of transition to FRS 102	FRS 102	Adopted UK GAAP	Effect of transition to FRS 102	FRS 102
		£	£	£	£	£	£
Fixed assets							
Tangible fixed assets		638,782	-	638,782	758,390	-	758,390
		<u>638,782</u>	<u>-</u>	<u>638,782</u>	<u>758,390</u>	<u>-</u>	<u>758,390</u>
Current assets							
Stocks		4,355,123	-	4,355,123	3,693,377	-	3,693,377
Debtors (due with one year)		7,844,067	-	7,844,067	10,323,094	39,076	10,362,170
Cash at bank and in hand		794,221	-	794,221	35,636	-	35,636
		<u>12,993,411</u>	<u>-</u>	<u>12,993,411</u>	<u>14,052,107</u>	<u>39,076</u>	<u>14,091,183</u>
Creditors: amounts due within one year		<u>(8,330,738)</u>	<u>(34,202)</u>	<u>(8,364,940)</u>	<u>(8,518,481)</u>	<u>-</u>	<u>(8,518,481)</u>
Net current assets		<u>4,662,673</u>	<u>(34,202)</u>	<u>4,628,471</u>	<u>5,533,626</u>	<u>39,076</u>	<u>5,572,702</u>
Creditors: amounts falling due after more than one year		-	-	-	-	-	-
Provisions for liabilities							
Deferred tax liability		(4,990)	-	(4,990)	(37,975)	-	(37,975)
		<u>(4,990)</u>	<u>-</u>	<u>(4,990)</u>	<u>(37,975)</u>	<u>-</u>	<u>(37,975)</u>
Net assets		<u>5,296,465</u>	<u>(34,202)</u>	<u>5,262,263</u>	<u>6,254,041</u>	<u>39,076</u>	<u>6,293,117</u>
Capital and reserves							
Called up share capital		2	-	2	2	-	2
Profit and loss account		5,296,463	(34,202)	5,262,261	6,254,039	39,076	6,293,115
		<u>5,296,465</u>	<u>(34,202)</u>	<u>5,262,263</u>	<u>6,254,041</u>	<u>39,076</u>	<u>6,293,117</u>
Shareholders' equity		<u>5,296,465</u>	<u>(34,202)</u>	<u>5,262,263</u>	<u>6,254,041</u>	<u>39,076</u>	<u>6,293,117</u>

Notes (continued)

20 Explanation of transition to FRS 102 from old UK GAAP (continued)

Notes to the reconciliation of equity

At 31 December 2013, the company had entered into forward foreign currency exchange contracts with a Sterling equivalent contracted value of £2,005,333 and a fair value of £1,971,131. A revaluation loss of £34,202 has been recognised within a corresponding increase in other creditors due less than 1 year.

At 31 December 2014, the company had entered into forward foreign currency exchange contracts with a Sterling equivalent contracted value of £604,756 and a fair value of £643,832. A revaluation gain of £39,076 has been recognised within a corresponding increase in other debtors due less than 1 year.

Reconciliation of profit for 31 December 2014

	Note	Adopted UK GAAP £000	2014 Effect of transition to FRS 102 £000	FRS 102 £000
Turnover		51,748,836	-	51,748,836
Cost of sales		(41,177,895)	73,278	(41,104,617)
Gross profit		10,570,941	73,278	10,644,219
Distribution costs		(1,417,299)	-	(1,417,299)
Administrative expenses		(6,369,411)	-	(6,369,411)
Operating profit		2,784,231	73,278	2,857,509
Interest payable and similar charges		(26,468)	-	(26,468)
Profit on ordinary activities before taxation		2,757,763	73,278	2,831,041
Taxation (excluding taxation on gain on sale of discontinued operation)		(600,187)	-	(600,187)
Tax on profit on ordinary activities		(600,187)	-	(600,187)
Profit for the year		2,157,576	73,278	2,230,854

Notes to the reconciliation of profit

The company has incurred revaluation gains of £73,278 in relation to foreign currency exchange contracts.