

Company Registration No. 06365189 (England and Wales)

**BALDWINS HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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# BALDWINS HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr J Baldwin Mr D Baldwin Mr S N Southall Mr S Knight	(Appointed 5 May 2016)
<b>Secretary</b>	Mr S Southall	
<b>Company number</b>	06365189	
<b>Registered office</b>	Churchill House 59 Lichfield Street Walsall West Midlands WS4 2BX	
<b>Auditor</b>	Langard Lifford Hall Limited Lifford Lane Kings Norton Birmingham B30 3JN	

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# BALDWINS HOLDINGS LIMITED

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# BALDWINS HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 JUNE 2016**

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The directors present the strategic report for the year ended 30 June 2016.

### **Fair review of the business**

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### **Principal Risks and Uncertainties**

Baldwins Group has an active and robust corporate governance programme designed to manage strategic and tactical risks which could impact the business. With clear objectives, and an experienced management team, Baldwins Group believes it is on course to continue its growth.

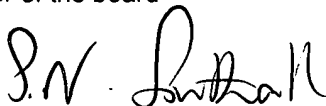
### **Key performance indicators**

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover and profit margins.

During the year the group's turnover has grown again by 54.86% and EBITDA was £7.07m compared to £4.74m in 2015, an increase of 49%. The group's operating overheads have increased in line with turnover. The directors are pleased to report an operating profit before tax of £2,698,834, an increase of 13% compared to the previous year's operating profit of £2,383,340. Liquidity remains positive. The directors are pleased with the performance for the year which reflects our continued investment in people, brand and infrastructure for the enlarged group.

We feel that we are well positioned to move forward, maximising our partner led approach to provide a local, cost effective, value driven service with the support and expertise of a larger group. We believe that this is what businesses are demanding in the present market conditions.

By order of the board



Mr S N Southall

**Secretary**

27 March 2017

# **BALDWINS HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 JUNE 2016***

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The directors present their annual report and financial statements for the year ended 30 June 2016.

### **Principal activities**

The principal activity of the group continued to be that of the provision of audit, accountancy and taxation services in the United Kingdom.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J Baldwin

Mr D Baldwin

Mr S N Southall

Mr S Knight

(Appointed 5 May 2016)

### **Results and dividends**

The results for the year are set out on page 7.

### **Disabled persons**

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

### **Employee involvement**

The company's policy is to consult and discuss with employees, through meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present.

### **Post reporting date events**

On 31 October 2016 HG Capital made an investment in the Baldwins Group which has provided cash resources to enable the group to repay current bank borrowing facilities and to make further business acquisitions in line with its expansion programme.

### **Future developments**

The directors consider that they have a strong and stable management team in place to continue the growth of the business. Economic conditions continue to allow good opportunities for acquisition on a selective basis and discussions remain ongoing with a number of target firms and individuals.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Langard Lifford Hall Limited be reappointed as auditor of the group will be put at a General Meeting.

# **BALDWINS HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2016**

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

By order of the board



Mr S N Southall

**Secretary**

27 March 2017

# **BALDWINS HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2016***

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The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **BALDWINS HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BALDWINS HOLDINGS LIMITED**

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We have audited the financial statements of BALDWINS HOLDINGS LIMITED for the year ended 30 June 2016 set out on pages 7 to 34. 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 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 annual report to identify material inconsistencies with the audited financial statements. 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 group's and the parent company's affairs as at 30 June 2016 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 matter prescribed by the Companies Act 2006**

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



# BALDWINS HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BALDWINS HOLDINGS LIMITED

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### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 David Hanby (Senior Statutory Auditor)  
for and on behalf of Langard Lifford Hall Limited

27 March 2017

Accountants and Registered Auditors

Lifford Lane  
Kings Norton  
Birmingham  
B30 3JN

# BALDWINS HOLDINGS LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	Notes	£	£
Turnover		22,884,012	14,777,085
Administrative expenses		(20,582,627)	(12,424,626)
Other operating income		800,000	250,000
<b>Operating profit</b>	<b>3</b>	<b>3,101,385</b>	<b>2,602,459</b>
Interest receivable and similar income	<b>7</b>	81,343	-
Interest payable and similar charges	<b>8</b>	(483,894)	(219,125)
<b>Profit before taxation</b>		<b>2,698,834</b>	<b>2,383,334</b>
Taxation	<b>9</b>	(993,235)	(544,764)
<b>Profit for the financial year</b>		<b>1,705,599</b>	<b>1,838,570</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		1,338,612	1,654,466
- Non-controlling interests		366,987	184,104
		<b>1,705,599</b>	<b>1,838,570</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# BALDWINS HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

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	2016 £	2015 £
Profit for the year	1,705,599	1,838,570
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>1,705,599</u>	<u>1,838,570</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	1,338,612	1,654,466
- Non-controlling interests	366,987	184,104
	<u>1,705,599</u>	<u>1,838,570</u>

# BALDWINS HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	11	18,841,034		6,191,078	
Tangible assets	12	3,384,058		2,175,999	
Investments	13	338		338	
		<u>22,225,430</u>		<u>8,367,415</u>	
<b>Current assets</b>					
Debtors	16	16,684,292		8,206,986	
Investments	17	861,343		540,000	
Cash at bank and in hand		5,831,373		1,379,925	
		<u>23,377,008</u>		<u>10,126,911</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(36,480,118)</u>		<u>(8,307,935)</u>	
<b>Net current (liabilities)/assets</b>			(13,103,110)		1,818,976
<b>Total assets less current liabilities</b>			<u>9,122,320</u>		<u>10,186,391</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(5,404,783)		(6,975,841)
<b>Provisions for liabilities</b>	22		(96,720)		(73,940)
<b>Net assets</b>			<u>3,620,817</u>		<u>3,136,610</u>
<b>Capital and reserves</b>					
Called up share capital	24	993,825		993,825	
Other reserves		841,617		841,617	
Profit and loss reserves		3,199,161		2,061,467	
		<u>5,034,603</u>		<u>3,896,909</u>	
<b>Equity attributable to owners of the parent company</b>			(1,413,786)		(760,299)
<b>Non-controlling interests</b>			<u>3,620,817</u>		<u>3,136,610</u>

The financial statements were approved by the board of directors and authorised for issue on 27 March 2017 and are signed on its behalf by:



Mr D Baldwin  
Director

# BALDWINS HOLDINGS LIMITED

## COMPANY BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	12	-		1,483,750	
Investments	13	826,051		684,886	
		<u>826,051</u>		<u>2,168,636</u>	
<b>Current assets</b>					
Debtors	16	21,290,427	8,258,956		
Investments	17	861,343	540,000		
Cash at bank and in hand		2,891,871	181,781		
		<u>25,043,641</u>	<u>8,980,737</u>		
<b>Creditors: amounts falling due within one year</b>	18	(23,386,790)	(2,192,769)		
<b>Net current assets</b>		<u>1,656,851</u>		<u>6,787,968</u>	
<b>Total assets less current liabilities</b>		<u>2,482,902</u>		<u>8,956,604</u>	
<b>Creditors: amounts falling due after more than one year</b>	19	-		(5,158,883)	
<b>Net assets</b>		<u><u>2,482,902</u></u>		<u><u>3,797,721</u></u>	
<b>Capital and reserves</b>					
Called up share capital	24	993,825	993,825		
Profit and loss reserves		1,489,077	2,803,896		
<b>Total equity</b>		<u><u>2,482,902</u></u>		<u><u>3,797,721</u></u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27 March 2017 and are signed on its behalf by:



Mr D Baldwin  
Director

Company Registration No. 6365189

# BALDWINS HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>Balance at 1 July 2014</b>		993,825	841,617	1,270,239	3,105,681	(330,305)	2,775,376
<b>Year ended 30 June 2015:</b>							
Profit and total comprehensive income for the year		-	-	1,654,466	1,654,466	184,104	1,838,570
Dividends	10	-	-	(863,238)	(863,238)	(614,098)	(1,477,336)
<b>Balance at 30 June 2015</b>		993,825	841,617	2,061,467	3,896,909	(760,299)	3,136,610
<b>Year ended 30 June 2016:</b>							
Profit and total comprehensive income for the year		-	-	1,338,612	1,338,612	366,987	1,705,599
Dividends	10	-	-	(200,918)	(200,918)	(1,020,474)	(1,221,392)
<b>Balance at 30 June 2016</b>		993,825	841,617	3,199,161	5,034,603	(1,413,786)	3,620,817

# BALDWINS HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 30 JUNE 2016**

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	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2014		993,825	3,820,721	4,814,546
Year ended 30 June 2015:				
Loss and total comprehensive income for the year		-	(175,291)	(175,291)
Dividends	10	-	(841,534)	(841,534)
Balance at 30 June 2015		993,825	2,803,896	3,797,721
Year ended 30 June 2016:				
Loss and total comprehensive income for the year		-	(1,314,819)	(1,314,819)
Balance at 30 June 2016		993,825	1,489,077	2,482,902

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# BALDWINS HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	1,474,463		4,088,925	
Interest paid		(483,894)		(219,125)	
Income taxes paid		(612,559)		(395,139)	
<b>Net cash inflow from operating activities</b>		<b>378,010</b>		<b>3,474,661</b>	
<b>Investing activities</b>					
Consideration paid for goodwill		(10,449,458)		(4,747,052)	
Purchase of tangible fixed assets		(854,227)		(1,799,386)	
Proceeds on disposal of tangible fixed assets		13,000		55,530	
Proceeds from other investments and loans		(1,672,185)		(751,002)	
Other investment income received		81,343		-	
<b>Net cash used in investing activities</b>		<b>(12,881,527)</b>		<b>(7,241,910)</b>	
<b>Financing activities</b>					
Repayment of borrowings		497,743		1,174,155	
Repayment of bank loans		17,391,378		4,547,875	
Payment of finance leases obligations		(30,835)		(57,755)	
Dividends paid to equity shareholders		(200,918)		(863,238)	
Dividends paid to non-controlling interests		(1,020,474)		(614,098)	
<b>Net cash generated from financing activities</b>		<b>16,636,894</b>		<b>4,186,939</b>	
<b>Net increase in cash and cash equivalents</b>		<b>4,133,377</b>		<b>419,690</b>	
Cash and cash equivalents at beginning of year		(1,096,561)		(1,516,251)	
<b>Cash and cash equivalents at end of year</b>		<b>3,036,816</b>		<b>(1,096,561)</b>	
<b>Relating to:</b>					
Cash at bank and in hand		5,831,373		1,379,925	
Bank overdrafts included in creditors payable within one year		(2,794,557)		(2,476,486)	



# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2016

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#### 1 Accounting policies

##### Company information

BALDWINS HOLDINGS LIMITED ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Churchill House, 59 Lichfield Street, Walsall, West Midlands, WS4 2BX.

The group consists of BALDWINS HOLDINGS LIMITED and all of its subsidiaries.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 30 June 2016 are the first financial statements of BALDWINS HOLDINGS LIMITED and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,314,819 (2015 - £175,291 loss).

##### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of BALDWINS HOLDINGS LIMITED and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 1 Accounting policies

(Continued)

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

#### 1.3 Going concern

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

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Where revenue exceeds the amount billed, this amount is included within Debtors as "Amounts Recoverable on Contracts"

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life, which in the opinion of the directors is either 3 years for newly acquired businesses where client retention is uncertain, or 20 years in all other cases.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Nil
Plant and machinery	20% per annum reducing balance basis.
Fixtures, fittings & equipment	15% per annum reducing balance basis.
Motor vehicles	25% per annum reducing balance basis.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 1 Accounting policies

(Continued)

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

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### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2016

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#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.11 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

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### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.15 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	129,445	72,031
Depreciation of tangible fixed assets held under finance leases	28,967	62,548
Profit on disposal of tangible fixed assets	(2,039)	3,483
Amortisation of intangible assets	3,733,989	1,995,389
Operating lease charges	568,509	396,207
	<u>          </u>	<u>          </u>

### 4 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	10,500	1,650
Audit of the company's subsidiaries	65,950	12,883
	<u>          </u>	<u>          </u>
	76,450	14,533
	<u>          </u>	<u>          </u>

### 5 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Accountancy and administrative staff	422	232
Directors	23	18
	<u>          </u>	<u>          </u>
	445	250
	<u>          </u>	<u>          </u>

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

<b>5</b>	<b>Employees</b>	<b>(Continued)</b>	
	Their aggregate remuneration comprised:		
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	9,374,239	6,071,817
	Social security costs	909,524	583,783
	Pension costs	151,785	73,593
		<u>10,435,548</u>	<u>6,729,193</u>
<b>6</b>	<b>Directors' remuneration</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Remuneration for qualifying services	<u>48,384</u>	<u>760,532</u>
	Remuneration disclosed above includes the following amounts paid to the highest paid director:		
	Remuneration for qualifying services	<u>16,128</u>	<u>489,257</u>
<b>7</b>	<b>Interest receivable and similar income</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Other income from investments</b>		
	Other investment income	<u>81,343</u>	<u>-</u>
<b>8</b>	<b>Interest payable and similar charges</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on bank overdrafts and loans	446,045	183,280
	Interest on finance leases and hire purchase contracts	1,442	11,294
		<u>447,487</u>	<u>194,574</u>
	<b>Other finance costs:</b>		
	Other interest	<u>36,407</u>	<u>24,551</u>
	Total finance costs	<u>483,894</u>	<u>219,125</u>



# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 9 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	976,024	534,182
Adjustments in respect of prior periods	(2,245)	-
Total current tax	<u>973,779</u>	<u>534,182</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>19,456</u>	<u>10,582</u>
Total tax charge	<u>993,235</u>	<u>544,764</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	<u>2,698,834</u>	<u>2,383,334</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 18.69% (2015: 21.63%)	504,412	515,515
Tax effect of expenses that are not deductible in determining taxable profit	5,240	2,345
Permanent capital allowances in excess of depreciation	(57,129)	(44,580)
Depreciation on assets not qualifying for tax allowances	509,777	58,450
Other tax adjustments	11,479	2,452
Deferred tax	<u>19,456</u>	<u>10,582</u>
Tax expense for the year	<u>993,235</u>	<u>544,764</u>

### 10 Dividends

	2016 £	2015 £
Interim paid	<u>-</u>	<u>841,534</u>

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 11 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 July 2015	14,334,762
Additions - separately acquired	16,383,945
At 30 June 2016	30,718,707
<b>Amortisation and impairment</b>	
At 1 July 2015	8,143,684
Amortisation charged for the year	3,733,989
At 30 June 2016	11,877,673
<b>Carrying amount</b>	
At 30 June 2016	18,841,034
At 30 June 2015	6,191,078

The company had no intangible fixed assets at 30 June 2016 or 30 June 2015.

### 12 Tangible fixed assets

Group	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 July 2015	1,549,417	781,623	445,610	156,555	2,933,205
Additions	1,095,398	121,971	160,061	-	1,377,430
Disposals	-	-	-	(25,362)	(25,362)
At 30 June 2016	2,644,815	903,594	605,671	131,193	4,285,273
<b>Depreciation and impairment</b>					
At 1 July 2015	-	474,849	219,613	62,742	757,204
Depreciation charged in the year	-	85,790	50,544	22,078	158,412
Eliminated in respect of disposals	-	-	-	(14,401)	(14,401)
At 30 June 2016	-	560,639	270,157	70,419	901,215
<b>Carrying amount</b>					
At 30 June 2016	2,644,815	342,955	335,514	60,774	3,384,058
At 30 June 2015	1,549,417	306,774	225,997	93,811	2,175,999

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

12 Tangible fixed assets		(Continued)
Company	Land and buildings Freehold	
		£
<b>Cost</b>		
At 1 July 2015		1,483,750
Additions		1,095,398
Disposals		(2,579,148)
At 30 June 2016		-
<b>Depreciation and impairment</b>		
At 1 July 2015 and 30 June 2016		-
<b>Carrying amount</b>		
At 30 June 2016		-
At 30 June 2015		1,483,750

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2016 £	2015 £	Company 2016 £	2015 £
Motor vehicles	81,435	187,626	-	-
Depreciation charge for the year in respect of leased assets	28,967	62,548	-	-

## 13 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	14	-	-	826,021	684,856
Investments in associates		338	338	30	30
		338	338	826,051	684,886

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 13 Fixed asset investments (Continued)

#### Movements in fixed asset investments Group

	Shares £
<b>Cost or valuation</b>	
At 1 July 2015 & 30 June 2016	338
<b>Carrying amount</b>	
At 30 June 2016	338
At 30 June 2015	338

#### Movements in fixed asset investments Company

	Shares £
<b>Cost or valuation</b>	
At 30 June 2016	684,886
Additions	141,165
At 30 June 2016	826,051
<b>Carrying amount</b>	
At 30 June 2016	826,051
At 30 June 2015	684,886

### 14 Subsidiaries

Details of the company's subsidiaries at 30 June 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Baldwin Turner Peachey Ltd England	Audit, Accountancy and Taxation services	Ordinary	80.00	
Baldwins (Ashby) Ltd England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Baldwins (Derby) Ltd England	Audit, Accountancy and Taxation services	Ordinary	85.00	
Baldwins (Gloucester) Ltd England	Audit, Accountancy and Taxation services	Ordinary	82.00	
Baldwins (Leamington) Ltd England	Audit, Accountancy and Taxation services	Ordinary	76.50	
Baldwins (North East) Ltd England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Baldwins (Nottingham) Ltd England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Baldwins (Nuneaton) Ltd England	Audit, Accountancy and Taxation services	Ordinary	100.00	

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

14 Subsidiaries					(Continued)
Baldwins (Stourbridge) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	80.00	
Baldwins (Tamworth) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	100.00	
Baldwins (Walsall Ltd)	England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Baldwins (Worcester) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	100.00	
Baldwins Audit Services Ltd	England	Audit, Accountancy and Taxation services	Ordinary	100.00	
Baldwins McCranor Ltd	England	Audit, Accountancy and Taxation services	Ordinary	97.50	
Baldwins Property Holdings Ltd	England	Audit, Accountancy and Taxation services	Ordinary	100.00	
Baldwin Gravestock & Owen Ltd	England	Audit, Accountancy and Taxation services	Ordinary	100.00	
Baldwins (Coventry) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	97.50	
Cox Jerome Group Ltd	England	Holding Company	Ordinary	100.00	
Cox Jerome Taxation & Accountancy Consultants Ltd	England	Audit, Accountancy and Taxation services	Ordinary	100.00	
Baldwins (Welshpool) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	76.00	
Baldwins (Shrewsbury) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	76.00	
Baldwins (Oswestry) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	76.00	
Baldwins (Bridgnorth) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	72.00	
Baldwins (Telford) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	72.00	
The Alnwick Accountants Ltd	England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Taylor Rowlands Ltd	England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Fox Evans Ltd	England	Audit, Accountancy and Taxation services	Ordinary	97.50	
Payestaff Ltd	England	Audit, Accountancy and Taxation services	Ordinary	82.00	
Baldwins (Hexham) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Baldwins (Ponteland) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Baldwins (Portobello) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Baldwins (Wynyard) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Baldwins Restructuring & Insolvency Ltd	England	Audit, Accountancy and Taxation services	Ordinary	90.00	
Baldwins (Crook) Ltd	England	Audit, Accountancy and Taxation services	Ordinary	90.00	

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 14 Subsidiaries

(Continued)

Baldwins Corporate Finance England Ltd	Audit, Accountancy and Taxation services	Ordinary	100.00
Baldwins Corporate Services Ltd	Audit, Accountancy and Taxation services	Ordinary	100.00

### 15 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	9,566,943	4,751,606	21,142,380	8,257,038
Equity instruments measured at cost less impairment	338	338	826,051	684,886
Instruments measured at fair value through profit or loss	861,343	540,000	861,343	540,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	38,143,360	13,161,480	23,371,775	7,299,626
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 16 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	6,918,336	3,309,890	-	-
Gross amounts due from contract customers	6,445,949	3,098,044	-	-
Corporation tax recoverable	127,750	-	127,750	-
Amounts due from subsidiary undertakings	-	-	18,510,417	7,129,227
Amounts due from associate undertakings	15,219	-	-	-
Other debtors	2,711,171	1,452,553	2,633,116	1,127,811
Prepayments and accrued income	465,867	346,499	19,144	1,918
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	16,684,292	8,206,986	21,290,427	8,258,956
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 17 Current asset investments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Unlisted investments	861,343	540,000	861,343	540,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 18 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	20	26,342,810	3,474,478	21,684,873	997,992
Obligations under finance leases	21	22,603	29,945	-	-
Other borrowings	20	5,135,580	1,294,079	369,872	73,115
Trade creditors		991,165	699,138	-	-
Amounts due to group undertakings		-	-	1,213,988	816,120
Amounts due to undertakings in which the group has a participating interest		31,601	30	30	30
Corporation tax payable		1,140,097	654,451	-	-
Other taxation and social security		2,279,352	1,141,696	-	47,676
Other creditors		214,818	687,969	103,012	253,486
Accruals and deferred income		322,092	326,149	15,015	4,350
		<u>36,480,118</u>	<u>8,307,935</u>	<u>23,386,790</u>	<u>2,192,769</u>

### 19 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	20	-	5,158,883	-	5,158,883
Obligations under finance leases	21	27,686	51,179	-	-
Other borrowings	20	5,377,097	1,765,779	-	-
		<u>5,404,783</u>	<u>6,975,841</u>	<u>-</u>	<u>5,158,883</u>

### 20 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	23,548,253	6,156,875	21,684,873	6,156,875
Bank overdrafts	2,794,557	2,476,486	-	-
Other loans	10,512,677	3,059,858	369,872	73,115
	<u>36,855,487</u>	<u>11,693,219</u>	<u>22,054,745</u>	<u>6,229,990</u>
Payable within one year	31,478,390	4,768,557	22,054,745	1,071,107
Payable after one year	5,377,097	6,924,662	-	5,158,883

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 20 Loans and overdrafts

(Continued)

The bank borrowings are secured by:

(1) A Debenture in the Banks' standard form;

(2) First legal charges over the following properties:

- a) 40 Lichfield Street, Walsall, West Midlands. WS1 1UU;
- b) Column House, 7 London Road, Shrewsbury;
- c) Stone House, 17 High Street, Welshpool, Powys;
- d) Churchill House, 59 Lichfield Street, Walsall, West Midlands. WS4 2BX;
- e) 10-11 St James Court, Friar Gate, Derby. DE1 1BT;
- f) 3 Bridge Street, Llanfyllin, Powys. SY22 5AU;
- g) 5/7 Beatrice Street, Oswestry, SY11 1QE.

(3) A Group Cross Guarantee over the assets of the Baldwins Holdings Limited group of companies

(4) Limited Personal Guarantees given by the directors of the company.

### 21 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	22,603	29,945	-	-
In two to five years	27,686	51,179	-	-
	<u>50,289</u>	<u>81,124</u>	<u>-</u>	<u>-</u>

### 22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Group		
ACAs	<u>96,720</u>	<u>77,250</u>



# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 22 Deferred taxation

(Continued)

	Group 2016 £	Company 2016 £
<b>Movements in the year:</b>		
Liability at 1 July 2015	73,940	-
Charge to profit or loss	19,456	-
Other	3,324	-
Liability at 30 June 2016	96,720	-

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 23 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	151,785	73,593

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 24 Share capital

	Group and company 2016 £		2015 £	
<b>Ordinary share capital</b>				
<b>Authorised</b>				
1,600,100 Ordinary of £1 each	1,600,100		1,600,100	
900 Ordinary 'A' non-voting of £1 each	900		900	
399,000 Ordinary 'B' non-voting of £1 each	399,000		399,000	
	2,000,000		2,000,000	
<b>Issued and fully paid</b>				
592,800 Ordinary of £1 each	592,800		592,800	
825 Ordinary 'A' non-voting of £1 each	825		825	
385,000 Ordinary 'B' non-voting of £1 each	385,000		385,000	
15,200 Ordinary 'C' of £1 each	15,200		15,200	
	993,825		993,825	

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 25 Business combinations

The fair value of consideration paid in relation to acquisitions during the year is as follows:

	£
Cash consideration	10,927,850
Deferred cash consideration	6,955,074
Cash at bank and in hand	<u>(478,392)</u>
	<u>17,404,532</u>

The fair value of amounts recognised at the acquisition dates are as follows:

	£
Fixed assets	508,203
Goodwill	15,000
Work in progress	526,409
Trade debtors	488,187
Prepayments	73,276
Other debtors	543,642
Other creditors	(657,811)
Trade creditors	(65,490)
Other taxes and social security	(344,460)
Accruals	(63,045)
Provisions	<u>(3,324)</u>
	1,020,587

Goodwill on acquisition	<u>16,383,945</u>
	<u>17,404,532</u>

The consolidated statement of comprehensive income for the financial year includes turnover and profit in respect of acquisitions since the acquisition date, these amounts are not shown as the amounts cannot be calculated due to the way in which acquisitions are integrated into the existing group.

### 26 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	1,778,217	747,532	-	-
Between two and five years	5,718,353	1,959,421	-	-
In over five years	6,534,916	776,750	-	-
	<u>14,031,486</u>	<u>3,483,703</u>	<u>-</u>	<u>-</u>

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

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### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	<u>48,384</u>	<u>760,532</u>

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2016

#### 27 Related party transactions

(Continued)

There are amounts outstanding on loan accounts with group undertakings as at 30 June 2016 included in "Creditors due within one year" as follows :-

Baldwins (Tamworth) Limited £1,028,463 (2015= £341,120)  
Cox Jerome Group Limited £NIL (2015= £475,000)  
Baldwins & Simmons Management Solutions Limited £30 (2015= £30)  
Baldwins (Leamington) Limited £185,525 (2015= £NIL)

There are amounts outstanding on loan accounts with group undertakings as at 30 June 2016 included in "Debtors due within one year" as follows :-

Baldwins (Walsall) Limited £1,000,824 (2015= £1,201,133)  
Baldwins (Stourbridge) Limited £4,393 (2015= £181,412)  
Baldwins (Ashby) Limited £604,986 (2015= £752,020)  
Baldwins (Nuneaton) Limited £185,706 (2015= £325,706)  
Baldwins (Nottingham) Limited £485,866 (2015= £145,076)  
Baldwins (Coventry) Limited £891,985 (2015= £NIL)  
Baldwins McCranor Limited £982,876 (2015= £582,241)  
Baldwins Management Services LLP £745,317 (2015= £616,810)  
Baldwins Gravestock & Owen Limited £628,061 (2015= £625,081)  
Baldwins Corporate Services Limited £1,479,162 (2015= £456,297)  
Baldwins Corporate Finance Limited £19,191 (2015= £NIL)  
Baldwin Turner Peachey Limited £2,207,522 (2015= £2,206,248)  
Cox Jerome Taxations & Accountancy Limited £NIL (2015= £254,099)  
Baldwins (Derby) Limited £811,191 (2015= £399,915)  
Baldwins (Welshpool) Limited £2,981 (2015= £NIL)  
Baldwins (Oswestry) Limited £343,524 (2015= £NIL)  
Baldwins (Bridgnorth) Limited £2,981 (2015= £NIL)  
Baldwins (Shrewsbury) Limited £206,524 (2015= £NIL)  
Baldwins (Telford) Limited £2,981 (2015= £NIL)  
Baldwins Restructuring & Insolvency Limited £115,844 (2015= £NIL)  
Baldwins (North East) Limited £5,515,546 (2015= £NIL)  
Taylor Rowlands Limited £620 (2015= £NIL)  
The Alnwick Accountants Limited £29,068 (2015= £NIL)  
Baldwins (Ponteland) Limited £22,366 (2015= £NIL)  
Baldwins (Hexham) Limited £48,775 (2015= £NIL)  
Baldwins (Wynyard) Limited £43,514 (2015= £NIL)  
Baldwins (Crook) Limited £63,004 (2015= £NIL)  
Baldwins (Portobello) Limited £250,045 (2015= £NIL)  
Baldwins Audit Services Limited £59,820 (2015= £NIL)  
Baldwins (Worcester) Limited £322,097 (2015= £NIL)  
Baldwins (Gloucester) Limited £2,154,516 (2015= £NIL)  
Payestaff Limited £7,930 (2015= £NIL)  
Baldwins Property Holdings Limited £16,520 (2015= £NIL)

Rents received:-

Baldwins (Shrewsbury) Limited £84,000 (2015= £52,500)  
Baldwins (Welshpool) Limited £21,000 (2015= £13,125)  
Baldwins (Derby) Limited £54,000 (2015= £NIL)

# BALDWINS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 28 Directors' transactions

Interest free loans have been granted by the group to its directors as follows:

Description	Opening Balance £	Amounts Advanced £	Closing Balance £
Mr J Baldwin -	413,557	(1,037,097)	1,450,654
Mr D Baldwin -	97,444	(198,555)	295,999
Mr S Knight -	-	(115,190)	115,190
	<u>511,001</u>	<u>(1,350,842)</u>	<u>1,861,843</u>

### 29 Controlling party

The company is controlled by the directors who own 100% of the ordinary voting share capital.

### 30 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	1,705,599	1,838,571
Adjustments for:		
Taxation charged	993,235	544,764
Finance costs	483,894	219,125
Investment income	(81,343)	-
(Gain)/loss on disposal of tangible fixed assets	(2,039)	3,483
Amortisation and impairment of intangible assets	3,733,989	1,995,389
Depreciation and impairment of tangible fixed assets	158,412	134,579
(Decrease) in provisions	(3,324)	-
Movements in working capital:		
(Increase) in debtors	(5,300,254)	(2,349,288)
(Decrease)/increase in creditors	(213,706)	1,702,302
<b>Cash generated from operations</b>	<u>1,474,463</u>	<u>4,088,925</u>