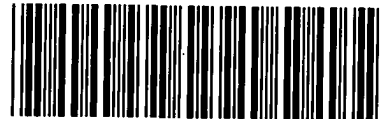


Company Registration No. NI003426 (Northern Ireland)

CYRIL JOHNSTON & CO. LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

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CYRIL JOHNSTON & CO. LIMITED

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CYRIL JOHNSTON & CO. LIMITED

COMPANY INFORMATION

Directors	Mr D. W. Johnston Mrs M. E Johnston Mr D. C. Johnston
Secretary	Mr D. C. Johnston
Company number	NI003426
Registered office	Ballynahinch Road Carryduff Belfast BT8 8DJ
Auditor	Moore Stephens (NI) LLP 4th Floor Donegall House 7 Donegall Square North Belfast BT1 5GB
Bankers	Ulster Bank Limited 47 Donegall Place Belfast BT1 5AU Danske Bank Donegall Square West Belfast BT1 6JS
Solicitors	Carson McDowell LLP Murray House Murray Street Belfast BT1 6DN

CYRIL JOHNSTON & CO. LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

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

Fair review of the business

The directors consider the results for the year to be disappointing and have put in place plans to increase turnover, gross profit and reduce costs. Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business. These plans have begun to show positive results.

Financial risk management

The company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. Given the size of the company, the directors have assumed responsibility for the monitoring of financial risk management.

Liquidity risk

The company has short term debt finance that is designed to ensure it has sufficient available funds for operations.

Interest rate cash flow risk

The company has both interest bearing assets and liabilities. Interest bearing assets include only cash balances, all of which earn interest at a fixed rate. The company has a policy of monitoring its debt finance to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Foreign currency risk

A proportion of the company's trading is conducted in euros, US dollars and Japanese YEN. However, the company regularly monitors movements in foreign exchange rates and thus any exposure to foreign exchange risk is minimal.

Credit risk

The company is exposed to credit risk due to its policy of giving credit to customers. In these instances the company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the directors.

Price risk

The company is exposed to commodity price risk. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will keep this policy under review having regard to the company's operations and any change in size or nature. The company has no exposure to equity securities as it holds no listed or unlisted investments.

On behalf of the board

Mr D. W. Johnston
Director
25 April 2017



CYRIL JOHNSTON & CO. LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their annual report and financial statements for the year ended 31 October 2016.

The principal activity of the company continued to be that of the distribution of goods and machinery to the horticultural, leisure and consumer sectors.

Directors

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

Mr D. W. Johnston
Mrs M. E Johnston
Mr D. C. Johnston

Results and dividends

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

Ordinary dividends were paid amounting to £45,000. The directors do not recommend payment of a further dividend.

Auditor

The auditor, Moore Stephens (NI) LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

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

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

Statement 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 company's auditor 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 company's auditor is aware of that information.

CYRIL JOHNSTON & CO. LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

On behalf of the board

A handwritten signature in black ink, appearing to be 'D. W. Johnston', written over a horizontal line.

Mr D. W. Johnston
Director
25 April 2017

CYRIL JOHNSTON & CO. LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CYRIL JOHNSTON & CO. LIMITED

We have audited the financial statements of Cyril Johnston & Co. Limited for the year ended 31 October 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. 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, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its loss 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, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

CYRIL JOHNSTON & CO. LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

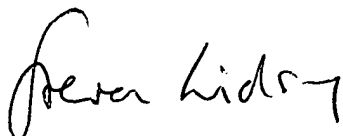
TO THE MEMBERS OF CYRIL JOHNSTON & CO. LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.



Steven Lindsay FCA (Senior Statutory Auditor)
for and on behalf of Moore Stephens (NI) LLP

25 April 2017

Chartered Accountants
Statutory Auditor

4th Floor Donegall House
7 Donegall Square North
Belfast
BT1 5GB

CYRIL JOHNSTON & CO. LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	2015 £
Turnover	3	8,374,089	7,947,058
Cost of sales		(6,664,879)	(6,230,321)
Gross profit		1,709,210	1,716,737
Distribution costs		(1,277,494)	(1,119,440)
Administrative expenses		(1,184,812)	(1,301,538)
Other operating income		172,447	180,471
Operating loss	4	(580,649)	(523,770)
Interest receivable and similar income	7	-	205
Interest payable and similar charges	8	(25,586)	(11,317)
Fair value gains and losses on investment properties		172,000	-
Loss before taxation		(434,235)	(534,882)
Taxation	9	34,755	(29,639)
Loss for the financial year		(399,480)	(564,521)

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

The notes on pages 11 - 26 form part of these financial statements and should be read in conjunction therewith.

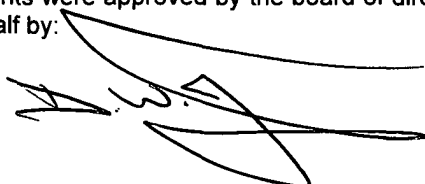
CYRIL JOHNSTON & CO. LIMITED

BALANCE SHEET

AS AT 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	11	1,385,798		1,632,437	
Investment properties	12	2,122,000		1,850,000	
		<u>3,507,798</u>		<u>3,482,437</u>	
Current assets					
Stocks	14	1,823,394		2,093,651	
Debtors	15	770,615		881,822	
Cash at bank and in hand		229,232		180,428	
		<u>2,823,241</u>		<u>3,155,901</u>	
Creditors: amounts falling due within one year	16	(2,004,523)		(1,923,769)	
Net current assets		<u>818,718</u>		<u>1,232,132</u>	
Total assets less current liabilities		<u>4,326,516</u>		<u>4,714,569</u>	
Creditors: amounts falling due after more than one year	17	(299,343)		(272,246)	
Provisions for liabilities	20	(415,745)		(386,415)	
Net assets		<u>3,611,428</u>		<u>4,055,908</u>	
Capital and reserves					
Called up share capital	23	10,000		10,000	
Fixed asset revaluation reserve		490,598		503,857	
Investment property revaluation reserve		959,703		822,103	
Profit and loss reserves		2,151,127		2,719,948	
Total equity		<u>3,611,428</u>		<u>4,055,908</u>	

The financial statements were approved by the board of directors and authorised for issue on 25 April 2017 and are signed on its behalf by:



Mr D. W. Johnston
Director

Company Registration No. NI003426

The notes on pages 11 - 26 form part of these financial statements and should be read in conjunction therewith.

CYRIL JOHNSTON & CO. LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	Share capital £	Fixed asset revaluation reserve £	Investment property revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 November 2014		10,000	517,116	822,103	3,316,210	4,665,429
Year ended 31 October 2015:						
Loss and total comprehensive income for the year		-	-	-	(564,521)	(564,521)
Dividends	10	-	-	-	(45,000)	(45,000)
Transfers		-	(13,259)	-	13,259	-
Balance at 31 October 2015		10,000	503,857	822,103	2,719,948	4,055,908
Year ended 31 October 2016:						
Loss and total comprehensive income for the year		-	-	-	(537,080)	(537,080)
Dividends	10	-	-	-	(45,000)	(45,000)
Transfers		-	(13,259)	-	13,259	-
Fair value gains - net of deferred tax		-	-	137,600	-	137,600
Balance at 31 October 2016		<u>10,000</u>	<u>490,598</u>	<u>959,703</u>	<u>2,151,127</u>	<u>3,611,428</u>

CYRIL JOHNSTON & CO. LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	28	397,208		(717,301)	
Interest paid		(25,586)		(11,317)	
Income taxes refunded/(paid)		64,085		(21,638)	
Net cash inflow/(outflow) from operating activities		435,707		(750,256)	
Investing activities					
Purchase of tangible fixed assets		(229,053)		(245,383)	
Proceeds on disposal of tangible fixed assets		23,137		6,933	
Proceeds on disposal of investment property		156,000		-	
Proceeds from other investments and loans		80,550		(80,550)	
Interest received		-		205	
Net cash generated from/(used in) investing activities		30,634		(318,795)	
Financing activities					
Repayment of borrowings		(4,134)		(8,268)	
Payment of finance leases obligations		36,461		-	
Dividends paid		(45,000)		(45,000)	
Net cash used in financing activities		(12,673)		(53,268)	
Net increase/(decrease) in cash and cash equivalents		453,668		(1,122,319)	
Cash and cash equivalents at beginning of year		(1,001,025)		121,294	
Cash and cash equivalents at end of year		(547,357)		(1,001,025)	
Relating to:					
Cash at bank and in hand		229,232		180,428	
Bank overdrafts included in creditors payable within one year		(776,589)		(1,181,453)	

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

Company information

Cyril Johnston & Co. Limited is a private company limited by shares incorporated in Northern Ireland. The registered office is Ballynahinch Road, Carryduff, Belfast, BT8 8DJ.

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 £.

These financial statements for the year ended 31 October 2016 are the first financial statements of Cyril Johnston & Co. Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 29.

1.2 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.

1.3 Turnover

The turnover shown in the profit and loss account represents income from the distribution of goods and machinery to the horticulture and leisure sectors and excludes VAT. Revenue is recognised at the time of collection or delivery to the customer.

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.

1.4 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	2% straight line
Plant and machinery	15% straight line
Fixtures, fittings & equipment	15% straight line
Motor vehicles	25% reducing balance

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 credited or charged to profit or loss.

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

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.

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.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.9 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 publicly 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.

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 company 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 company after deducting all of its liabilities.

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

Basic financial 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.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company 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 company.

1.11 Taxation

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

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 company'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 when the company has 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.

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.12 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.

1.13 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.14 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.16 Financial instruments

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 equity after deducting all of its financial liabilities.

Where the contractual obligations of the financial statements (including share capital) are equivalent to a similar debt instrument, those financial statements are classed as financial liabilities. Financial liabilities are presented in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company'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 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Sale of goods	<u>8,374,089</u>	<u>7,947,058</u>
Other significant revenue		
Interest income	<u>-</u>	<u>205</u>

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	5,177,957	4,578,098
Republic of Ireland	3,196,132	3,368,960
	<u>8,374,089</u>	<u>7,947,058</u>

4 Operating loss

	2016 £	2015 £
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(139,121)	72,153
Fees payable to the company's auditor for the audit of the company's financial statements	9,000	9,000
Depreciation of owned tangible fixed assets	143,849	109,419
Depreciation of tangible fixed assets held under finance leases	4,432	-
Loss/(profit) on disposal of tangible fixed assets	4,274	(457)
Loss on disposal of investment property	44,000	-
Cost of stocks recognised as an expense	6,630,481	6,219,575
Operating lease charges	<u>43,202</u>	<u>65,500</u>

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

5 Employees

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

	2016 Number	2015 Number
Distribution	36	38
Administrative Staff	8	10
	<u>44</u>	<u>48</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,469,400	1,267,491
Social security costs	134,155	124,362
Pension costs	22,632	12,350
	<u>1,626,187</u>	<u>1,404,203</u>

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	<u>93,431</u>	<u>112,524</u>

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	<u>-</u>	<u>205</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>-</u>	<u>205</u>
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CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

8 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	24,515	11,317
Interest on finance leases and hire purchase contracts	1,071	-
	<u>25,586</u>	<u>11,317</u>

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	(64,085)	-
Deferred tax		
Origination and reversal of timing differences	(5,070)	29,639
Other adjustments	34,400	-
Total deferred tax	<u>29,330</u>	<u>29,639</u>
Total tax (credit)/charge	<u>(34,755)</u>	<u>29,639</u>

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

	2016 £	2015 £
Loss before taxation	<u>(434,235)</u>	<u>(534,882)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(86,847)	(106,976)
Tax effect of expenses that are not deductible in determining taxable profit	9,290	3,301
Tax effect of income not taxable in determining taxable profit	(38,459)	-
Tax effect of utilisation of tax losses not previously recognised	-	(36,135)
Unutilised tax losses carried forward	130,981	163,746
Permanent capital allowances in excess of depreciation	(19,876)	(29,115)
Depreciation on assets not qualifying for tax allowances	39,311	5,179
Research and development tax credit	(64,085)	-
Timing differences in respect of deferred tax	(5,070)	29,639
Taxation for the year	<u>(34,755)</u>	<u>29,639</u>

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

10 Dividends

	2016 £	2015 £
Final paid	<u>45,000</u>	<u>45,000</u>

11 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 November 2015	1,302,439	126,836	710,537	154,386	2,294,198
Additions	112,176	18,970	57,617	40,290	229,053
Disposals	-	-	-	(78,565)	(78,565)
Transfers	(300,000)	-	-	-	(300,000)
At 31 October 2016	<u>1,114,615</u>	<u>145,806</u>	<u>768,154</u>	<u>116,111</u>	<u>2,144,686</u>
Depreciation and impairment					
At 1 November 2015	51,153	111,697	427,230	71,681	661,761
Depreciation charged in the year	27,904	6,454	98,056	15,867	148,281
Eliminated in respect of disposals	-	-	-	(51,154)	(51,154)
At 31 October 2016	<u>79,057</u>	<u>118,151</u>	<u>525,286</u>	<u>36,394</u>	<u>758,888</u>
Carrying amount					
At 31 October 2016	<u>1,035,558</u>	<u>27,655</u>	<u>242,868</u>	<u>79,717</u>	<u>1,385,798</u>
At 31 October 2015	<u>1,251,286</u>	<u>15,139</u>	<u>283,307</u>	<u>82,705</u>	<u>1,632,437</u>

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

	2016 £	2015 £
Plant and machinery	16,125	-
Motor vehicles	36,513	-
	<u>52,638</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	<u>4,432</u>	<u>-</u>

Land and buildings with a carrying amount of £875,000 were revalued at 31 October 2013 by Ian McCullough Estate Agents and Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

11 Tangible fixed assets

(Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2016 £	2015 £
Cost	402,000	402,000
Accumulated depreciation	159,709	154,764
Carrying value	<u>242,291</u>	<u>247,236</u>

12 Investment property

	2016 £
Fair value	
At 1 November 2015	1,850,000
Transfers from owner-occupied property	300,000
Disposals	(200,000)
Net gains or losses through fair value adjustments	172,000
At 31 October 2016	<u>2,122,000</u>

Investment property comprises the premises at 129-135 Ballynahinch Road, Carryduff, Belfast, BT8 8DJ. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31st October 2016 by CBRE, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

13 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>607,838</u>	<u>603,162</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>2,170,543</u>	<u>2,093,514</u>

14 Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>1,823,394</u>	<u>2,093,651</u>

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

15 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	520,767	510,235
Amounts owed by Cyril Johnston Hire Limited	11,677	9,661
Other debtors	75,394	83,266
Prepayments and accrued income	162,777	278,660
	<u>770,615</u>	<u>881,822</u>

16 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	18	776,589	1,181,453
Obligations under finance leases	19	9,364	-
Other borrowings	18	32,000	36,134
Trade creditors		707,451	508,038
Other taxation and social security		133,323	102,501
Other creditors		245,996	-
Accruals and deferred income		99,800	95,643
		<u>2,004,523</u>	<u>1,923,769</u>

The bank overdraft disclosed under creditors falling due within one year is secured by a fixed and floating charge over the assets of the company.

17 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Obligations under finance leases	19	27,097	-
Other borrowings	18	272,246	272,246
		<u>299,343</u>	<u>272,246</u>

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

18 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	776,589	1,181,453
Preference shares	304,246	304,246
Other loans	-	4,134
	<u>1,080,835</u>	<u>1,489,833</u>
Payable within one year	808,589	1,217,587
Payable after one year	<u>272,246</u>	<u>272,246</u>

The long-term loans are secured by a fixed and floating charge over the assets of the company.

19 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	9,364	-
In two to five years	27,097	-
	<u>36,461</u>	<u>-</u>

Finance lease payments represent rentals payable by the company for certain items of motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	21	415,745	386,415
		<u>415,745</u>	<u>386,415</u>

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	43,225	48,295
Revaluations	372,520	338,120
	<u>415,745</u>	<u>386,415</u>
Movements in the year:		2016 £
Liability at 1 November 2015		386,415
Charge to profit or loss		29,330
Liability at 31 October 2016		<u>415,745</u>

The net deferred tax liability expected to reverse in 12 months is £7,234. This primarily relates to the reversal of tax timing differences on capital allowances.

22 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>22,632</u>	<u>12,350</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>

The ordinary shares entitle the shareholders to:

- full rights to receive notice of and attend, speak and vote at all general meetings of the Company;
- full rights to participate in lawful dividends; and
- full rights to participate in a lawful distribution.

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

24 Financial commitments, guarantees and contingent liabilities

The company has a contingent liability in respect of a bank guarantee in place for VAT liabilities, totalling £25,000.

25 Operating lease commitments

Lessee

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

	2016 £	2015 £
Within one year	34,647	1,896
Between two and five years	7,210	33,472
In over five years	65,500	65,500
	<u>107,357</u>	<u>100,868</u>

26 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>93,431</u>	<u>112,524</u>

During the year the company paid rent amounts of £43,202 (2015 - £65,500) to the trustees of the Cyril Johnston Pension Fund, a fund which the directors are trustees of. There is no balance outstanding at either year end.

27 Controlling party

The ultimate controlling party is Mr D W Johnston.

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

28 Cash generated from operations

	2016 £	2015 £
Loss for the year after tax	(399,480)	(564,521)
Adjustments for:		
Taxation (credited)/charged	(34,755)	29,639
Finance costs	25,586	11,317
Investment income	-	(205)
Loss/(gain) on disposal of tangible fixed assets	4,274	(457)
Loss on disposal of investment property	44,000	-
Fair value gains and losses on foreign exchange contracts and investment properties	(172,000)	-
Depreciation and impairment of tangible fixed assets	148,281	109,419
Movements in working capital:		
Decrease/(increase) in stocks	270,257	(332,191)
Decrease/(increase) in debtors	30,657	(91,876)
Increase in creditors	480,388	121,574
Cash generated from/(absorbed by) operations	397,208	(717,301)

29 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

Reconciliation of equity

	Notes	1 November 2014 £	31 October 2015 £
Equity as reported under previous UK GAAP		5,003,549	4,394,028
Adjustments arising from transition to FRS 102:			
Investment property revaluation	1	(338,120)	(338,120)
Equity reported under FRS 102		4,665,429	4,055,908

Reconciliation of loss for the financial period

The loss previously reported under UK GAAP has not changed as a result of the transition to FRS102.

CYRIL JOHNSTON & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

29 Reconciliations on adoption of FRS 102

(Continued)

Notes to reconciliations on adoption of FRS 102

1. Deferred tax on revaluations

Under FRS 102 deferred tax is provided for in respect of all timing differences at the reporting date. This is a change from previous UK GAAP where there was no requirement to provide for deferred tax on timing differences that arise as a result of revaluations on fixed assets, unless there was a binding sale agreement in place at the reporting date.