

SHS Sales & Marketing Limited

Report and Financial Statements

For the period from 2 January 2016 to 30 December 2016



Directors

J Sloan

E Birchall

A Richmond (appointed 27 June 2016)

Secretary

A Richmond

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast BT2 7DT

Bankers

Danske Bank

Donegall Square West

Belfast BT1 6SJ

Solicitors

Carson McDowell

Murray House

4 Murray Street

Belfast BT1 6DN

Registered Office

SHS House

199 Airport Road West

Belfast BT3 9ED

Strategic report

The directors present their strategic report for the period ended 30 December 2016.

Principal activity and review of the business

The company's principal activity is the marketing and distribution of grocery, beverage and pharmaceutical products.

There were no significant changes in the activities of the company during the period. The directors consider that in light of prevailing economic and market conditions, both the results for the period and the prospects for the future are satisfactory.

The company strategy for the coming year is to increase shareholder value through enhancing market share and developing the company's customer base further.

Key performance indicators

The key performance indicator for the company is the gross margin. The gross margin for the period was 10% (period ended 1 January 2016 – 11.0%). Other key performance indicators are noted below:

	<i>Period ended 30 December 2016 £</i>	<i>Period ended 1 January 2016 £</i>
Turnover	20,625,126	19,204,840
Loss after tax	(178,787)	(207,899)
Shareholder funds	2,005,090	2,183,877
Average employees during the period	37	40
Current assets v current liabilities (quick ratio)	1.22	1.25

Principal risks and uncertainties

The company uses various financial instruments including cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk.

The directors review and agree policies for managing each of these risks, and they are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The company finances its operations through retained profits. The company's exposure to interest rate fluctuations on its borrowings is limited.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. In relation to this risk, the company principally uses group level foreign currency contracts with financial institutions in order to hedge against adverse movements exchange rates.

Credit risk

The company's principal financial assets are cash and debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from debtors.

Strategic report

Principal risks and uncertainties (continued)


Credit risk (continued)

In order to manage credit risk, the directors assess potential customers based on a mixture of past history, credit references and industry knowledge, and amounts owed are reviewed and followed up on a regular basis.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs:

By order of the Board

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal stroke that ends in a small loop.

A Richmond
Secretary

Date: 26.5.17

Registered No. NI016166

Directors' report

The directors present their report for the period ended 30 December 2016.

Results and dividends

The loss for the period after taxation amounted to £178,787 (period ended 1 January 2016 – loss of £207,899). The directors do not recommend a final dividend (period ended 1 January 2016 – £nil).

Future developments

The directors are committed to long-term creation of shareholder value. 2016 has been a challenging period in a competitive sector, however the directors are continuing to focus on driving the business forward and are committed to seeking new business opportunities. While the incoming year is likely to continue to be very challenging, early results indicate we are in line to achieve our expectations for the year.

Directors

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

J Sloan

E Birchall

A Richmond (appointed 27 June 2016)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



E Birchall
Director

Date: 26.5.17

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' (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 those financial statements, the directors are required to:

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

Independent auditors' report

to the members of SHS Sales and Marketing Limited

We have audited the financial statements of SHS Sales and Marketing Limited for the period ended 30 December 2016 which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 16. 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 to the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' 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 30 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report

to the members of SHS Sales and Marketing Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or 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.



Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 26 May 2017

Profit and loss account

for the period ended from 2 January 2016 to 30 December 2016

		<i>Period ended 30 December 2016</i>	<i>Period ended 1 January 2016</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	20,625,126	19,204,840
Cost of sales		(18,535,910)	(17,098,432)
Gross margin		2,089,216	2,106,408
Distribution costs		(959,826)	(982,033)
Administrative expenses		(1,382,882)	(1,415,454)
Other operating income	3	38,004	38,004
Operating loss before taxation	4	(215,488)	(253,075)
Tax credit	7	36,701	45,176
Loss for the financial period		<u>(178,787)</u>	<u>(207,899)</u>

All amounts relate to continuing activities.

Statement of comprehensive income

for the period ended from 2 January 2016 to 30 December 2016

There is no comprehensive income or loss other than the loss attributable to the shareholders of the company £178,787 in the period ended 30 December 2016 (period ended 1 January 2016 – loss of £207,899).

Statement of changes in equity

for the period ended from 2 January 2016 to 30 December 2016

	<i>Called up share capital</i> £	<i>Revaluation reserve</i> £	<i>Profit and loss account</i> £	<i>Total Equity</i> £
At 3 January 2015	50,000	59,609	2,282,167	2,391,776
Transfer between Revaluation	–	(1,807)	1,807	–
Loss for the period	–	–	(207,899)	(207,899)
At 1 January 2016	50,000	57,802	2,076,075	2,183,877
Transfer between Revaluation	–	(1,807)	1,807	–
Loss for the period	–	–	(178,787)	(178,787)
At 30 December 2016	<u>50,000</u>	<u>55,995</u>	<u>1,899,095</u>	<u>2,005,090</u>

Called up share capital

Share capital represents the nominal value of shares that have been issued.

Revaluation reserve

This revaluation reserve represents the surplus arising on valuation of assets and a reserve movement is adjusted each financial year to reflect the depreciation charge of those related assets.

Profit and loss account

Profit and loss account includes all current period and prior period retained profits and losses.

Registered Number: NI016166

Balance sheet

at 30 December 2016

		30 December 2016	1 January 2016
	Notes	£	£
Fixed assets			
Tangible assets	8	523,106	544,740
Current assets			
Stocks	9	1,110,019	1,363,991
Debtors	10	7,001,898	6,503,934
Cash at bank and in hand		254,383	425,912
		8,366,300	8,293,837
Creditors: amounts falling due within one year	11	(6,875,125)	(6,646,036)
Net current assets		1,491,175	1,647,801
Total assets less current liabilities		2,014,281	2,192,541
Provisions for liabilities			
Deferred taxation	7(c)	(9,191)	(8,664)
Net assets		2,005,090	2,183,877
Capital and reserves			
Called up share capital	12	50,000	50,000
Revaluation reserve		55,995	57,802
Profit and loss account		1,899,095	2,076,075
Shareholders' funds		2,005,090	2,183,877



E Birchall
Director

Date: 26.5.17

Notes to the financial statements

For the period from 2 January 2016 to 30 December 2016

1. Accounting policies

Statement of Compliance

SHS Sales & Marketing Limited is a company limited by shared and incorporated in Northern Ireland. The Registered Office is SHS House, 199 Airport Road West, Belfast, BT3 9ED.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the company for the period ended 30 December 2016.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in Sterling which is the functional currency of the company and no rounding has been applied.

Reduced disclosure framework

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 4 *Statement of Financial Position* paragraph 4.12(a)(iv).
- (b) The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).
- (c) The requirements of Section 11 *Basic Financial Instruments* paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26
- (d) Section 33 *Related Party Disclosures* paragraph 33.7.

The company's ultimate parent undertaking and controlling party is SHS Group Limited, a company incorporated in Northern Ireland, which is the parent undertaking of the largest group to consolidate these financial statements. SHS Group Limited financial statements are available from 199 Airport Road West, Belfast, Co Antrim, Northern Ireland.

Going concern

The directors have assessed, based on the anticipated activities of the company, that there are adequate resources in place to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements. In coming to this conclusion, the directors have assessed the entity's current financing arrangements and liquid resources. For this reason the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

Judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant impact on amounts recognised in the financial statements.

The following are the company's key sources of estimation uncertainty:

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Details of the company's tax charge are contained in note 7.

Notes to the financial statements

For the period 2 January 2016 to 30 December 2016

1. Accounting policies (continued)

Turnover

Turnover represents income from the marketing and distribution of grocery, beverage and pharmaceutical products. Revenue is recognised upon delivery of products. All turnover relates to sale of goods.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

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

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the statement of comprehensive income.

If there is 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 the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables 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 payments discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been received in the ordinary course of business from suppliers. Trade payables are classified into amounts falling due within one year if payment is due within one year or less. If not, they are presented as amounts falling due after one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	–	2% straight-line
Motor vehicles	–	10-25% straight-line
Fixtures and fittings	–	5-10% straight-line
Computer equipment	–	10-25% straight-line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

For the period 2 January 2016 to 30 December 2016

1. Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all costs incurred in bringing each product to its present location.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Operating leases

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

Retirement benefits to employees of the company are provided by the SHS Group Limited pension scheme. The company's staff comprise a percentage of the overall membership of this scheme. The company has no influence on the level of contributions and is unable to identify its share of underlying liabilities or assets in the scheme. As such payments to the scheme are accounted for by the company as a defined contribution scheme in line with the requirements of FRS 102 section 28 "Employee Benefits". Contributions to the scheme are charged to the profit and loss account. The contributions are estimated so as to spread the cost of pensions over employees working lives with the company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected benefits valuation method.

SHS Group Limited has fully complied with the accounting and disclosure requirements of FRS 102 section 28 "Employee Benefits".

The company also operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2. Turnover

The whole of the turnover is attributable to income received from the marketing and distribution of grocery, beverage and pharmaceutical products.

All turnover arose within the United Kingdom and relates to sale of goods.

Notes to the financial statements

For the period 2 January 2016 to 30 December 2016

3. Other operating income

	<i>Period ended 30 December 2016 £</i>	<i>Period ended 1 January 2016 £</i>
Commissions receivable	38,004	38,004
	<u>38,004</u>	<u>38,004</u>

4. Operating loss

This is stated after charging/(crediting):

		<i>Period ended 30 December 2016 £</i>	<i>Period ended 1 January 2016 £</i>
Auditors' remuneration	– audit services	5,400	5,400
	– non audit services	1,364	1,364
Depreciation of tangible fixed assets	– owned by the company	21,634	21,455
Loss (gain) on foreign exchange		921	(2,031)
Operating lease rentals	– other	161,928	161,748
		<u>161,928</u>	<u>161,748</u>

5. Directors' remuneration

	<i>Period ended 30 December 2016 £</i>	<i>Period ended 1 January 2016 £</i>
Remuneration	255,145	247,974
	<u>255,145</u>	<u>247,974</u>

The highest paid director received remuneration of £255,145 (period ended 1 January 2016 – £247,974).

Notes to the financial statements

For the period 2 January 2016 to 30 December 2016

6. Staff costs

Staff costs, including directors' remuneration, were as follows:

	<i>Period ended 30 December 2016 £</i>	<i>Period ended 1 January 2016 £</i>
Wages and salaries	1,217,781	1,239,884
Social security costs	147,511	133,206
Other pension costs	98,046	119,796
	<u>1,463,338</u>	<u>1,492,886</u>

The average monthly number of employees (including directors) during the period was made up as follows:

	<i>Period ended 30 December 2016 No.</i>	<i>Period ended 1 January 2016 No.</i>
Distribution	24	24
Administration	13	16
	<u>37</u>	<u>40</u>

7. Tax

(a) Tax on loss

The tax credit is made up as follows:

	<i>Period ended 30 December 2016 £</i>	<i>Period ended 1 January 2016 £</i>
Current tax:		
Group relief payment	(37,325)	(45,848)
Adjustments in respect of prior period	98	(329)
Total current tax (note 7(b))	<u>(37,227)</u>	<u>(46,177)</u>
Deferred tax:		
Origination and reversal of timing differences	1,013	1,767
Change in DT rate	(481)	—
Adjustments in respect of previous periods	(6)	(766)
Total deferred tax (note 7(c))	<u>526</u>	<u>1,001</u>
Tax on loss	<u>(36,701)</u>	<u>(45,176)</u>

Notes to the financial statements

For the period 2 January 2016 to 30 December 2016

7. Tax (continued)

(b) Factors affecting the total tax credit for the period

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (period ended 1 January 2016 – 20.25%). The differences are explained below:

	<i>Period ended 30 December 2016 £</i>	<i>Period ended 1 January 2016 £</i>
Loss before tax	<u>(215,488)</u>	<u>(253,075)</u>
Loss multiplied by standard rate of corporation tax in the UK of 20% (period ended 1 January 2016 – 20.25%)	(43,098)	(51,250)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6,963	7,390
Rate change from DT to CT	(179)	(221)
Adjustments in respect of prior periods	98	(329)
Group relief	37,325	45,847
Payment in respect of group relief	(37,325)	(45,847)
Change in DT rate	(481)	–
DT adjustments in respect of prior periods	(4)	(766)
Total tax credit for the period (note 7(a))	<u>(36,701)</u>	<u>(45,176)</u>

(c) Deferred tax

	<i>£</i>
At 2 January 2016	8,664
Profit and loss account charge for period	<u>527</u>
At 30 December 2016	<u>9,191</u>

The provision for deferred taxation is made up as follows:

	<i>Period ended 30 December 2016 £</i>	<i>Period ended 1 January 2016 £</i>
Accelerated capital allowances	9,571	9,049
Short term timing differences	<u>(380)</u>	<u>(385)</u>
	<u>9,191</u>	<u>8,664</u>

(d) Factors that may affect future tax charges

The corporation tax rate in the UK is 20%. This rate will be reduced on 1 April 2017 to 19%, and then further reduced to 17% on 1 April 2020. The 17% statutory rate of corporation tax was enacted in full on 6 September 2016, and this is the rate at which deferred tax has been provided. No further rate changes have been announced.

Notes to the financial statements

For the period 2 January 2016 to 30 December 2016

8. Tangible fixed assets

	<i>Leasehold property</i> £	<i>Motor vehicles</i> £	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost or valuation:					
At 2 January 2016	912,757	33,414	360,804	2,260	1,309,235
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
At 30 December 2016	<u>912,757</u>	<u>33,414</u>	<u>360,804</u>	<u>2,260</u>	<u>1,309,235</u>
Depreciation:					
At 2 January 2016	419,540	19,533	323,162	2,260	764,495
Charge for the period	16,292	3,874	1,468	–	21,634
Disposals	–	–	–	–	–
At 30 December 2016	<u>435,832</u>	<u>23,407</u>	<u>324,630</u>	<u>2,260</u>	<u>786,129</u>
Net book value:					
At 30 December 2016	<u>476,925</u>	<u>10,007</u>	<u>36,174</u>	<u>–</u>	<u>523,106</u>
At 2 January 2016	<u>493,217</u>	<u>13,881</u>	<u>37,642</u>	<u>–</u>	<u>544,740</u>

9. Stocks

	<i>30 December 2016</i> £	<i>1 January 2016</i> £
Finished goods and goods for resale	<u>1,110,019</u>	<u>1,363,991</u>

Stocks recognised as an expense in the period were £4,579 (1 January 2016: £856).

The replacement value of the stock is not materially different from its carrying value.

10. Debtors

	<i>30 December 2016</i> £	<i>1 January 2016</i> £
Trade debtors	5,087,345	4,529,631
Amounts owned by group undertakings	1,825,842	1,832,619
Prepayments and accrued income	60,189	141,684
VAT debtor	<u>28,522</u>	<u>–</u>
	<u>7,001,898</u>	<u>6,503,934</u>

Notes to the financial statements

For the period 2 January 2016 to 30 December 2016

11. Creditors: amounts falling due within one year

	30 December 2016	1 January 2016
	£	£
Trade creditors	973,389	1,279,946
Amounts owed to group undertakings	5,535,097	4,899,446
Other taxation and social security costs	38,672	188,735
Accruals and deferred income	327,967	277,909
	<u>6,875,125</u>	<u>6,646,036</u>

12. Issued share capital

	30 December 2016	1 January 2016
	No. £	No. £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	50,000 <u>50,000</u>	50,000 <u>50,000</u>

13. Pensions

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

The company is also a member of a group defined benefit scheme. Full details of this scheme are disclosed in the financial statements of SHS Group Limited, which has complied with FRS 102 section 28 "Employee Benefits".

The pension charge represents contributions payable to both schemes by the company.

14. Other financial commitments

At 30 December 2016 the company had future minimum rentals payable under non-cancellable operating leases as set out below:

	30 December 2016	Other 1 January 2016
	£	£
<i>Amounts payable:</i>		
Within one year	27,392	16,657
In two to five years	356,659	360,585
	<u>384,051</u>	<u>377,242</u>

15. Related party transactions

As a wholly owned subsidiary of SHS Group Limited, the company is exempt from the requirements of FRS 102 Section 33 *Related Party Disclosures* paragraph 33.7 to disclose transactions with other members of the group which are party to the transaction.

Notes to the financial statements

For the period 2 January 2016 to 30 December 2016

16. Ultimate parent undertaking and controlling party

The directors consider that the ultimate parent undertaking is SHS Group Limited, a company incorporated in Northern Ireland.

The ultimate controlling parties of SHS Group Limited are its shareholders.

The results of SHS Sales and Marketing Limited are included within the group financial statements of SHS Group Limited, which are available for inspection at the Registrar of Companies, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast.