

Registration number SC026803

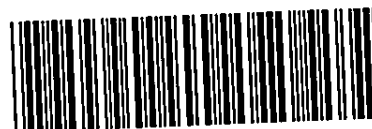


**Gillies of Broughty Ferry Limited**

**Abbreviated accounts**

**for the year ended 31 August 2011**

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## **Gillies of Broughty Ferry Limited**

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# **Gillies of Broughty Ferry Limited**

## **Directors' report for the year ended 31 August 2011**

The directors present their report and the accounts for the year ended 31 August 2011.

### **Principal activity and review of the business**

The principal activity of the Company during the period was the retailing of house furnishings.

### **Business review**

We aim to present a balanced and comprehensive review of the development and performance of our business and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

The Company has four stores based in Scotland in the following areas:

Aberdeen  
Broughty Ferry  
Montrose  
Perth

We consider our key financial performance indicators are those that communicate the financial performance of the Company as a whole, these being turnover and gross margin.

Turnover has decreased as a result of the economic conditions however the margins remain similar to last year. Despite the reduction in turnover the company still demonstrates a strong performance.

### **Results and dividends**

The results for the year are set out on page 7 - 8.

### **Financial risk management objectives and policies**

As for many businesses of our size, the business environment in which we operate continues to be challenging. We are of course subject to consumer spending patterns and customers overall disposable income within our industry.

With these risks and uncertainties in mind, we are aware that any plans for future development of the business may be subject to unforeseen future events outside our control.

We attempt to manage these risks where possible, and in particular continue to purchase foreign currency when rates are favourable and cash flow allows. This effectively allows us to minimise the impact of unexpected exchange rate movement.

Long term investments made during the year are linked to the performance of the stock market. There is the risk with such investments that unfavourable capital returns may be experienced upon maturity. The Directors have considered the risks carefully and obtained independent financial advice. The Directors have considered prudence and ensured the level of the investments made will not impact adversely the liquidity and cash flow requirements of the day to day business of the Company.

Other than close control being exerted over all our affairs there are no other formal risk management strategies which we adopt.

# **Gillies of Broughty Ferry Limited**

## **Directors' report for the year ended 31 August 2011**

..... continued

### **Directors**

The directors who served during the year are as stated below:

J.D.K. Philp	(Chairman)	E.M.F. Mahady
I.R.G. Philp		
A.D. Philp		
M. Wells		

### **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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

Findlay & Company are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

**Gillies of Broughty Ferry Limited**

**Directors' report  
for the year ended 31 August 2011**

..... continued

This report was approved by the Board on 1 December 2011 and signed on its behalf by

*E Mahady*

**E.M.F. Mahady  
Director**

**Independent auditors' report to Gillies of Broughty Ferry Limited  
under Section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages 7 - 8 to 23 together with the financial statements of Gillies of Broughty Ferry Limited for the year ended 31 August 2011 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and the auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with that provision.

**Other information**

On 1 December 2011 we reported as auditors of Gillies of Broughty Ferry Limited to the shareholders on the financial statements prepared under Section 396 of the Companies Act 2006 for the year ended 31 August 2011 and our audit report was as follows:



**Independent auditor's report to the shareholders of  
Gillies of Broughty Ferry Limited**

We have audited the financial statements of Gillies of Broughty Ferry Limited for the year ended 31 August 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds 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).

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 auditors' 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 auditors**

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 Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

**Qualified opinion arising from disagreement about accounting treatment and limitation of audit scope**

As explained in note 21 to the financial statements, the Directors have decided not to obtain an actuarial valuation of the Company Defined Benefit Scheme at the year end. This is a requirement of Financial Reporting Standard 17. As such we have not been able to obtain sufficient evidence concerning the value of the Pension Scheme assets and liabilities at the balance sheet date. The financial statements therefore do not comply with Financial Reporting Standard 17 in respect of accounting and disclosure requirements. The last actuarial valuation conducted in April 2010 revealed a pension deficit of £897,000. If the valuation had been obtained at 31 August 2011 and made available to us we might have formed a different opinion.

Except for the financial effects of any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the value of the Pension Scheme assets and liabilities, in our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2011 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.

**Independent auditor's report to the shareholders of  
Gillies of Broughty Ferry Limited**

.....continued

**Opinion on other matter prescribed by the Companies Act 2006.**


Notwithstanding our qualified opinion on the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

In respect solely of the limitation on our work relating to the valuation of the Pension Scheme assets and liabilities as at the balance sheet date as required by the Financial Reporting Standard 17, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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.

.....  
  
**Hugh Grant CA (senior statutory auditor)**  
**For and on behalf of Findlay & Company**  
**Chartered Accountants and**  
**Statutory auditor**  
**11 Dudhope Terrace**  
**Dundee**  
**DD3 6TS**

**1 December 2011**

# Gillies of Broughty Ferry Limited

## Abbreviated profit and loss account and statement of total recognised gains and losses for the year ended 31 August 2011

		Continuing operations	
		2011	2010
	Notes	£	£
<b>Turnover</b>		14,203,978	15,050,536
<b>Gross profit</b>		6,715,986	7,207,284
Administrative expenses		(5,784,078)	(6,184,370)
<b>Operating profit</b>	<b>2</b>	931,908	1,022,914
Investment income	<b>4</b>	128,074	2,000
Other interest receivable and similar income	<b>5</b>	2,210	6,302
<b>Profit on ordinary activities before taxation</b>		1,062,192	1,031,216
Tax on profit on ordinary activities	<b>8</b>	(342,644)	(368,612)
<b>Profit for the year</b>		719,548	662,604
Retained profit brought forward		11,487,200	10,801,714
Reserve Movements		4,597	22,882
<b>Retained profit carried forward</b>		12,211,345	11,487,200

The notes on pages 11 to 23 form an integral part of these financial statements.

**Gillies of Broughty Ferry Limited**

**Statement of total recognised gains and losses  
for the year ended 31 August 2011**

	<b>Continuing operations</b>	
	<b>2011</b>	<b>2010</b>
<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Profit on ordinary activities after taxation</b>	<b>719,548</b>	<b>662,604</b>
Unrealised movement on revaluation of property	-	(1,178,367)
Unrealised movement on revaluation of investment property	-	(129,838)
<b>Total recognised gains/losses since last annual report</b>	<b><u>719,548</u></b>	<b><u>(645,601)</u></b>
<b>Note of historical cost profits and losses</b>		
<b>Profit on ordinary activities before taxation</b>	<b>1,062,192</b>	<b>1,031,216</b>
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>36,777</u>	<u>67,934</u>
<b>Historical cost profit on ordinary activities before taxation</b>	<b><u>1,098,969</u></b>	<b><u>1,099,150</u></b>
<b>Historic cost profit for the year retained after taxation and dividends</b>	<b><u>756,325</u></b>	<b><u>730,538</u></b>

**The notes on pages 11 to 23 form an integral part of these financial statements.**

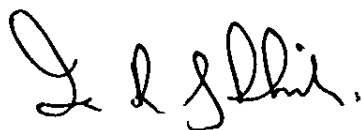
**Gillies of Broughty Ferry Limited**

**Abbreviated balance sheet  
as at 31 August 2011**

		2011		2010	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		8,937,837		9,171,281
Investments	10		3,904,002		4,404,002
			<u>12,841,839</u>		<u>13,575,283</u>
<b>Current assets</b>					
Stocks	11	2,073,929		1,993,887	
Debtors	12	67,491		134,712	
Investments	13	1,400,000		-	
Cash at bank and in hand		1,319,983		1,143,383	
		<u>4,861,403</u>		<u>3,271,982</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,499,332)</u>		<u>(3,348,209)</u>	
<b>Net current assets/(liabilities)</b>			<u>1,362,071</u>		<u>(76,227)</u>
<b>Total assets less current liabilities</b>			14,203,910		13,499,056
<b>Provisions for liabilities</b>	15		<u>(29,954)</u>		<u>(12,468)</u>
<b>Net assets</b>			<u>14,173,956</u>		<u>13,486,588</u>
<b>Capital and reserves</b>					
Called up share capital	17		6,436		6,436
Revaluation reserve			1,667,476		1,704,253
Other reserves			288,699		288,699
Profit and loss account			12,211,345		11,487,200
<b>Shareholders' funds</b>	18		<u>14,173,956</u>		<u>13,486,588</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Section 445(3) of the Companies Act 2006 relating to medium-sized companies.

I.R.G. Philp  
Director



Registration number SC026803

The notes on pages 11 to 23 form an integral part of these financial statements.

# Gillies of Broughty Ferry Limited

## Cash flow statement for the year ended 31 August 2011

	Notes	2011 £	2010 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		931,908	1,022,914
Depreciation		344,932	368,817
(Increase) in stocks		(80,042)	(291,278)
Decrease in debtors		67,221	(12,443)
Increase in creditors		111,720	173,733
<b>Net cash inflow from operating activities</b>		<b>1,375,739</b>	<b>1,261,743</b>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		1,375,739	1,261,743
Returns on investments and servicing of finance	22	130,284	8,302
Taxation	22	(285,756)	(361,273)
Capital expenditure and financial investment	22	388,513	(2,217,637)
Acquisitions and disposals	22	-	(108,839)
		1,608,780	(1,417,704)
Equity dividends paid		(32,180)	(45,052)
		1,576,600	(1,462,756)
Management of liquid resources	22	(1,400,000)	-
<b>Increase / (Decrease) in cash in the year</b>		<b>176,600</b>	<b>(1,462,756)</b>
<b>Reconciliation of net cash flow to movement in net funds (Note 23)</b>			
Decrease in cash in the year		176,600	(1,462,756)
Cash outflow from increase in liquid resources		1,400,000	-
Change in net funds resulting from cash flows		1,576,600	(1,462,756)
<b>Net funds at 1 September 2010</b>		<b>1,143,383</b>	<b>2,606,139</b>
<b>Net funds at 31 August 2011</b>		<b>2,719,983</b>	<b>1,143,383</b>

## **Gillies of Broughty Ferry Limited**

### **Notes to the abbreviated financial statements for the year ended 31 August 2011**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and comply with financial reporting standards of the Accounting Standards Board.

##### **1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Turnover is recognised when the goods are physically delivered to the customer. Deposits obtained in advance of delivery from customers are reflected in Trade Creditors.

##### **1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2.5% reducing balance method
Leasehold properties	-	Straight line over the life of the lease
Fixtures, fittings and equipment	-	15-33% reducing balance method
Motor vehicles	-	25% reducing balance method

##### **1.4. Investment Properties**

Investment properties are reflected using a market value basis. In accordance with SSAP 19, no depreciation is charged in respect of investment properties. This policy represents a departure from the requirements of the Companies Act 2006, to provide systematic annual depreciation for fixed assets. However, as these properties are held for investment and not consumption, the directors consider the adoption of this policy necessary to give a true and fair view.

##### **1.5. Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### **1.6. Investments**

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Current asset investments are at the lower of cost and net realisable value.

##### **1.7. Stock**

Stock is valued at the lower of cost and net realisable value.

##### **1.8. Pensions**

The company operates two pension schemes: one a Defined Benefit Scheme and the other a Money Purchase Scheme. Contributions in respect of both schemes are charged to the profit and loss account for the year in which they are payable to the scheme. The Money Purchase Schemes contributions are based on a constant percentage of earnings. The Defined Benefit Schemes contributions are based on recommendations provided by Qualified Actuaries.





# Gillies of Broughty Ferry Limited

## Notes to the abbreviated financial statements for the year ended 31 August 2011

..... continued

### 1.9. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

### 1.10. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

### 1.11. Group accounts

The company is entitled to the exemption under Section 398 of the Companies Act 2006 from the obligation to prepare group accounts.

2. Operating profit	2011 £	2010 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	343,599	366,015
Loss on disposal of tangible fixed assets	1,333	2,802
Operating lease rentals		
- Land and buildings	34,806	8,260
Auditors' remuneration (Note 3)	15,600	14,450

**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

..... continued

**3. Auditors' remuneration**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration - audit of the financial statements	<u>15,600</u>	<u>14,450</u>

**4. Income from investments**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Income from investments	<u>128,074</u>	<u>2,000</u>

**5. Interest receivable and similar income**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank interest	2,137	4,017
Other interest	73	2,285
	<u>2,210</u>	<u>6,302</u>

**6. Employees**

<b>Number of employees</b>	<b>2011</b>	<b>2010</b>
The average monthly numbers of employees (including the directors) during the year were:		
Sales and Distribution	108	108
Office and Management	30	29
	<u>138</u>	<u>137</u>

**Employment costs**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Wages and salaries (including directors)	2,982,491	3,517,263
Social security costs	53,854	125,354
Pension costs-other operating charge	461,079	385,796
	<u>3,497,424</u>	<u>4,028,413</u>

**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

..... continued

<b>6.1. Directors' remuneration</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	<u>419,801</u>	<u>1,044,557</u>
 <b>Highest paid director</b>	 <b>£</b>	 <b>£</b>
Amounts included above:		
Emoluments and other benefits	205,851	404,603
Pension contributions	<u>29,495</u>	<u>31,062</u>
	<u>235,346</u>	<u>435,665</u>

**7. Pension costs**

The company operates a defined contribution pension scheme and a defined benefit pension scheme. The defined contribution scheme and its assets are held by independent managers and the defined benefit scheme is administered by independent consultants. The pension charge represents contributions due from the company into the defined contribution scheme and payments made into the defined benefit scheme, the total of this amounted to £461,079 (31 August 2010 - £385,796). There are no contributions outstanding at the year end.

There are four Directors accruing benefits as at 31 August 2011 under the Defined Benefit Scheme.

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Analysis of the amount charged to operating profit</b>		
Current service cost	461,079	385,796
	<u>461,079</u>	<u>385,796</u>

**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

..... continued

**8. Tax on profit on ordinary activities**

<b>Analysis of charge in period</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	325,232	334,892
Adjustments in respect of previous periods	(74)	(2)
	<u>325,158</u>	<u>334,890</u>
Total current tax charge	<u>325,158</u>	<u>334,890</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	17,486	33,722
Total deferred tax	<u>17,486</u>	<u>33,722</u>
Tax on profit on ordinary activities	<u>342,644</u>	<u>368,612</u>

**Factors affecting tax charge for period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (27.16 per cent). The differences are explained below:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>1,062,192</u>	<u>1,031,216</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.16% (31 August 2010 : 28.00%)	288,491	288,740
<b>Effects of:</b>		
Expenses not deductible for tax purposes	362	2,539
Depreciation for period in excess of capital allowances	41,052	47,841
Adjustments to tax charge in respect of previous periods	(74)	(2)
Marginal relief	(4,673)	(4,228)
Current tax charge for period	<u>325,158</u>	<u>334,890</u>

**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

..... continued

9. Tangible fixed assets	Land and buildings freehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost/revaluation</b>				
At 1 September 2010	8,704,940	498,604	619,336	9,822,880
Additions	-	-	122,437	122,437
Disposals	-	-	(77,619)	(77,619)
At 31 August 2011	<u>8,704,940</u>	<u>498,604</u>	<u>664,154</u>	<u>9,867,698</u>
<b>Depreciation</b>				
At 1 September 2010	-	307,050	344,549	651,599
On disposals	-	-	(65,336)	(65,336)
Charge for the year	225,494	42,159	75,945	343,598
At 31 August 2011	<u>225,494</u>	<u>349,209</u>	<u>355,158</u>	<u>929,861</u>
<b>Net book values</b>				
At 31 August 2011	<u>8,479,446</u>	<u>149,395</u>	<u>308,996</u>	<u>8,937,837</u>
At 31 August 2010	<u>8,704,940</u>	<u>191,554</u>	<u>274,787</u>	<u>9,171,281</u>

During the year to 31 August 2010, the company's properties were revalued by independent external qualified valuers Lickley Proctor Chartered Surveyors. These properties were valued on the open market value basis in accordance with the RICS Appraisal and Valuation Manual. These properties classified as tangible fixed assets were valued to £8,600,000. Another property purchased during August 2010 was not externally valued, however was deemed by the directors that the valuation would not be materially different from the purchase price of £104,940.

The directors consider that as at 31 August 2011 the property value is not materially different from the valuation noted above.

The cumulative historical cost of the properties were £8,934,489. (Including £104,940 property purchased in August 2010).

**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

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10. Fixed asset investments	Subsidiary undertakings shares £	Investment properties £	Other investments (non-loans) £	Total £
<b>Cost/revaluation</b>				
At 1 September 2010	2	914,000	3,490,000	4,404,002
Additions	-	-	900,000	900,000
Transfer to current asset investments	-	-	(1,400,000)	(1,400,000)
At 31 August 2011	2	914,000	2,990,000	3,904,002
<b>Net book values</b>				
At 31 August 2011	2	914,000	2,990,000	3,904,002
At 31 August 2010	2	914,000	3,490,000	4,404,002

Investment properties were valued on the open market value basis as at 31-08-2010 by independent external qualified valuers Lickley Proctor Chartered Surveyors in accordance with the RICS Appraisal and Valuation Manual.

The Directors consider the above valuations for Investment Properties to be an accurate reflection of the market value at the year end 31 August 2011.

Other investments are made up as follows:

Unlisted investments	2,950,000
Unlisted debentures	40,000

# Gillies of Broughty Ferry Limited

## Notes to the abbreviated financial statements for the year ended 31 August 2011

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### 10.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
<b>Subsidiary undertaking</b>				
Scandinavian Interiors Limited	Scotland	Non Trading	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Scandinavian Interiors Limited	(224)	-
<b>11. Stocks</b>	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Finished goods and goods for resale	<u>2,073,929</u>	<u>1,993,887</u>
<b>12. Debtors</b>	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Trade debtors	<u>67,491</u>	<u>134,712</u>
<b>13. Current asset investments</b>	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Fixed interest deposit	<u>1,400,000</u>	<u>-</u>

**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

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<b>14. Creditors: amounts falling due within one year</b>	<b>2011 £</b>	<b>2010 £</b>
Trade creditors	986,719	875,529
Customer deposits	1,208,175	1,136,364
Corporation tax	190,077	150,683
Other taxes and social security costs	424,343	159,617
Directors' accounts	354,841	396,678
Other creditors	242,793	290,938
Accruals and deferred income	92,384	338,400
	<u>3,499,332</u>	<u>3,348,209</u>

The Company has provided a letter of pledge over \$150,000 held on deposit within the US Dollar bank account.

**15. Provisions for liabilities**

	<b>Deferred taxation (Note 16) £</b>	<b>Total £</b>
At 1 September 2010	12,468	12,468
Movements in the year	17,486	17,486
At 31 August 2011	<u>29,954</u>	<u>29,954</u>



**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

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<b>16. Provision for deferred taxation</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	29,954	12,468
Provision for deferred tax	29,954	12,468
Provision at 1 September 2010	12,468	
Deferred tax charge in profit and loss account	17,486	
Provision at 31 August 2011	29,954	
<p>The above provision represents a deferred tax liability that has originated from the timing differences associated with capital allowances. Provision for deferred tax has not been made on gains arising from the revaluation of fixed assets and investment properties on the basis the directors consider there is no intention to dispose of these properties.</p>		
<b>17. Share capital</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
10,000 Ordinary shares of £1 each	10,000	10,000
<b>Allotted, called up and fully paid</b>		
6,436 Ordinary shares of £1 each	6,436	6,436
<b>Equity Shares</b>		
6,436 Ordinary shares of £1 each	6,436	6,436
<b>18. Reconciliation of movements in shareholders' funds</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Profit for the year	719,548	662,604
Dividends	(32,180)	(45,052)
	687,368	617,552
Other recognised gains or losses	-	(1,308,205)
Net addition to shareholders' funds	687,368	(690,653)
Opening shareholders' funds	13,486,588	14,177,241
Closing shareholders' funds	14,173,956	13,486,588

**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

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**19. Pension cost note**

The company provides pension arrangements to the directors and some of the full-time employees through a defined benefit scheme and related costs are assessed in accordance with the advice of professionally qualified actuaries.

The most recent full actuarial valuation of the scheme was obtained as at 1 April 2010. The main findings at the time showed that there was a deficit on the scheme of £897,000.

As part of the most recent actuarial valuation the agreed Recovery Plan suggested that contributions of 25.7% are required to pensionable salaries. The recommendation has been adopted by the Company and the Company pays 16.7% with the employees contributing the remaining 9%. The Company has agreed and continues to make one off annual contributions of £120,000. The Company has made additional contributions of £230,043 during the financial year. The financial statements for the Defined Benefit Scheme as at 31 March 2011 reflected a significant increase in the value of the Scheme Investments and Funds. It is the opinion of the Directors that had a valuation been obtained as at 31 August 2011 it would have reflected a significant reduction in the deficit of the Scheme from that reported as at 1 April 2010.

The Company has not paid for a full up to date valuation as at 31 August 2011, as it was considered to be of little value to the users of the financial statements and that the money would be better spent in the pension scheme itself.

From the 27 August 2011 the Defined Benefit Scheme is closed to new members and to future accrual and any member in pensionable service under the scheme on 26 August 2011 shall become a deferred pensioner for the scheme in accordance with the approved Deed of Amendment from 27 August 2011. Accordingly from this point the company and employees will make no further contributions to the scheme in respect of future service benefits. As part of the approved Actuary Recovery Plan the company is committed to paying £120,000 annually up to 1 April 2019. In addition to these contributions the company will pay a one off contribution of £150,000 by 31 December 2014.

Specific accounting and disclosure requirements under FRS 17 have not been met as the pension valuation at 31 August 2011 has not been obtained.

**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

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**20. Financial commitments**

At 31 August 2011 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
In over five years	<u>28,442</u>	<u>28,442</u>

**21. Related party transactions**

Director I.R.G Philp is a director of Associated Independant Stores Limited. The Company also holds debenture investments in Associated Independant Stores Limited at the 31 August 2011. The Directors consider that on average 50% of purchases are ordered via Associated Independant Stores Limited. All purchases are made on normal trading conditions. At the 31 August 2011 £13,860 (2010 - Nil) was due to Associated Independant Stores Limited.

During the prior year the company contributed £150,000 into a long term investment product. The directors have agreed this investment will be earmarked for the Gillies of Broughty Ferry Limited 1974 Pension & Life Assurance Scheme. it is anticipated upon maturity the capital and any returns will be invested into the Scheme at that point. The Directors I.R.G. Philp and A.D. Philp are trustees of the Scheme.

**Gillies of Broughty Ferry Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 August 2011**

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**22. Gross cash flows**

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>130,284</u>	<u>8,302</u>
<b>Taxation</b>		
Corporation tax paid	<u>(285,756)</u>	<u>(361,273)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(122,437)	(245,765)
Payments to acquire investments	(900,000)	(2,050,000)
Receipts from sales of tangible assets	10,950	(693,504)
Transfer to current asset investments	1,400,000	-
	<u>388,513</u>	<u>(2,989,269)</u>
<b>Acquisitions and disposals</b>		
Payments on acquisition of investment properties	<u>-</u>	<u>(108,839)</u>
<b>Management of Liquid Resources</b>		
Transfer from fixed asset investments	<u>(1,400,000)</u>	<u>-</u>

**23. Analysis of changes in net funds**

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	1,143,383	176,600	1,319,983
Liquid resources	<u>-</u>	<u>1,400,000</u>	<u>1,400,000</u>
<b>Net funds</b>	<u>1,143,383</u>	<u>1,576,600</u>	<u>2,719,983</u>