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**GILLIES OF BROUGHTY FERRY LIMITED**

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**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**COMPANY INFORMATION**

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**Directors**

I. Philp  
A. Philp  
D. Philp  
E. Philp  
C. Philp (appointed 1 January 2016)  
E. Webster  
T. Rodgers (appointed 1 March 2016)  
E. Mahady (resigned 29 February 2016)  
M. Wells (resigned 29 February 2016)

**Company secretary**

T. Rodgers

**Registered number**

SC026803

**Registered office**

172-180 Brook Street  
Broughty Ferry  
Dundee  
DD2 5AJ

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Introduction**

We aim to report 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 nature of our business and is written in the context of the risks and uncertainties we face.

**Business review**

The Business environment in which the company operates has been challenging in recent times. The run up to and the period following the EU Referendum vote has created uncertainty in the marketplace and trading has also been affected by the economic downturn in the Oil Industry.

The Directors have continued to apply their experience and knowledge of Retail Furnishings to ensure that the company's offering to its Customer base remains attractive and appealing. Stores have been maintained to a high standard and product ranges are kept fresh, with an online trading platform being introduced during the year.

**Principal risks and uncertainties**

The nature of the company's business is such that the biggest risks it faces are:

- Consumer confidence and consumer spending patterns
- Foreign Currency Fluctuation
- Competitive Pressures

The Directors manage these risks by having close involvement in the day to day operations of the company and continually monitoring performance and assessing risk exposure, such that decisions can be taken to address any anticipated issues.

**Financial key performance indicator**

The Key Financial Performance indicators of the business are Turnover and Gross Margin. Turnover for the year was £16.874m, a reduction of 2.7% on the level of £17.341m achieved in 2015 with Gross Margin maintained at just short of 50%. The company's Net profit before tax was £1.664m in 2016, a reduction from £1.766m in the previous year. In view of the challenging trading environment faced by the company the directors are not dissatisfied with the results achieved.

This report was approved by the board on 18 November 2016 and signed on its behalf.

**T. Rodgers**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the abbreviated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 to 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.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,301,527 (2015 - £1,465,647).

**Directors**

The directors who served during the year were:

I. Philp  
A. Philp  
D. Philp  
E. Philp  
C. Philp (appointed 1 January 2016)  
E. Webster  
T. Rodgers (appointed 1 March 2016)  
E. Mahady (resigned 29 February 2016)  
M. Wells (resigned 29 February 2016)

**Future developments**

The company will continue to develop its business, seeking to offer its customers ever improved levels of service.

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Findlay & Company, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 November 2016 and signed on its behalf.

T. Rodgers  
Director

**INDEPENDENT AUDITORS' REPORT TO GILLIES OF BROUGHTY FERRY LIMITED  
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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We have examined the abbreviated financial statements set out on pages 7 to 27, together with the financial statements of Gillies of Broughty Ferry Limited for the year ended 31 August 2016 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 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and Auditors**

The directors are responsible for preparing the abbreviated financial statements 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 financial statements to the Registrar of Companies and whether the abbreviated financial statements have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 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 financial statements and that the abbreviated financial statements are properly prepared.

**Opinion**

In our opinion the Company is entitled to deliver abbreviated financial statements prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated financial statements on pages 7 to 27 have been properly prepared in accordance with the regulations made under that section.

**Other information**

On 18 November 2016 we reported as auditors to the members of the Company on the financial statements prepared under section 396 of the Companies Act 2006 and our audit report was as follows:

We have audited the financial statements of Gillies of Broughty Ferry Limited for the year ended 31 August 2016, set out on pages 7 to 27. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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.

**INDEPENDENT AUDITORS' REPORT TO GILLIES OF BROUGHTY FERRY LIMITED  
UNDER SECTION 449 OF THE COMPANIES ACT 2006 (CONTINUED)**

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**Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement on page 2, 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 Financial Reporting Council'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**

As explained in note 24 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 FRS102. 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 FRS102 in respect of accounting and disclosure requirements. The last actuarial valuation conducted at 31 March 2013 revealed a pension deficit of £1,970,000. If the valuation had been obtained at 31 August 2016 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 as described in the above paragraph, in our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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



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**GILLIES OF BROUGHTY FERRY LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO GILLIES OF BROUGHTY FERRY LIMITED  
UNDER SECTION 449 OF THE COMPANIES ACT 2006 (CONTINUED)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

Alexander Squires, CA (Senior Statutory Auditor)

for and on behalf of

**Findlay & Company**

Chartered Accountants and

Statutory Auditors

11 Duchope Terrace

Dundee

DD3 6TS

18 November 2016

GILLIES OF BROUGHTY FERRY LIMITED

ABBREVIATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Turnover		16,873,602	17,340,916
Cost of sales		(8,451,965)	(8,692,272)
<b>Gross profit</b>		<b>8,421,637</b>	<b>8,648,644</b>
Administrative expenses		(6,991,493)	(7,147,649)
Other operating income		150,418	107,599
<b>Operating profit</b>	3	<b>1,580,562</b>	<b>1,608,594</b>
Interest receivable and similar income	7	82,985	157,444
<b>Profit before tax</b>		<b>1,663,547</b>	<b>1,766,038</b>
Tax on profit	8	(362,020)	(300,391)
<b>Profit for the year</b>		<b>1,301,527</b>	<b>1,465,647</b>

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 12 to 27 form part of these financial statements.

**GILLIES OF BROUGHTY FERRY LIMITED**  
**REGISTERED NUMBER: SC026803**

**ABBREVIATED BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	2016 £	As restated 2015 £
<b>Fixed assets</b>			
Tangible assets	10	9,671,002	9,964,947
Investments	11	40,002	40,002
Investment property	12	1,955,000	1,968,065
		<u>11,666,004</u>	<u>11,973,014</u>
<b>Current assets</b>			
Stocks	13	2,402,502	2,328,872
Debtors: amounts falling due within one year	14	438,022	56,448
Cash at bank and in hand	15	7,335,588	6,718,474
		<u>10,176,112</u>	<u>9,103,794</u>
Creditors: amounts falling due within one year	16	(3,582,505)	(3,561,943)
<b>Net current assets</b>		<u>6,593,607</u>	<u>5,541,851</u>
<b>Total assets less current liabilities</b>		<u>18,259,611</u>	<u>17,514,865</u>
<b>Provisions for liabilities</b>			
Deferred tax	17	(362,596)	(407,174)
		<u>(362,596)</u>	<u>(407,174)</u>
<b>Net assets</b>		<u><u>17,897,015</u></u>	<u><u>17,107,691</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	6,436	6,436
Capital redemption reserve	19	3,564	3,564
Profit and loss account	19	17,887,015	17,097,691
		<u>17,897,015</u>	<u>17,107,691</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 relating to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on 18 November 2016.

**I. Philp**

Director

The notes on pages 12 to 27 form part of these financial statements.

GILLIES OF BROUGHTY FERRY LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2015	6,436	3,564	17,097,691	17,107,691
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,301,527	1,301,527
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	1,301,527	1,301,527
Dividends: Equity capital	-	-	(512,203)	(512,203)
<b>Total transactions with owners</b>	-	-	(512,203)	(512,203)
<b>At 31 August 2016</b>	<b>6,436</b>	<b>3,564</b>	<b>17,887,015</b>	<b>17,897,015</b>

The notes on pages 12 to 27 form part of these financial statements.

GILLIES OF BROUGHTY FERRY LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2015

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2014	6,436	3,564	16,112,260	16,122,260
Profit for the year	-	-	1,465,647	1,465,647
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,465,647	1,465,647
Dividends: Equity capital	-	-	(480,216)	(480,216)
Total transactions with owners	-	-	(480,216)	(480,216)
At 31 August 2015	6,436	3,564	17,097,691	17,107,691

The notes on pages 12 to 27 form part of these financial statements.

GILLIES OF BROUGHTY FERRY LIMITED

ABBREVIATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,301,527	1,465,647
<b>Adjustments for:</b>		
Depreciation of tangible assets	386,441	402,439
Loss on disposal of tangible assets	(27,612)	2,204
Interest received	(82,985)	(157,443)
Taxation charge	362,020	300,391
(Increase) in stocks	(73,630)	(29,260)
(Increase)/decrease in debtors	(381,576)	3,783
(Decrease)/increase in creditors	(22,386)	552,088
Corporation tax (paid)	(363,650)	(319,052)
<b>Net cash generated from operating activities</b>	<b>1,098,149</b>	<b>2,220,797</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(135,785)	(477,433)
Sale of tangible fixed assets	70,903	-
Purchase of investment properties	-	(690,000)
Sale of investment properties	13,065	-
Interest received	82,985	157,443
<b>Net cash from investing activities</b>	<b>31,168</b>	<b>(1,009,990)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(512,203)	(480,216)
<b>Net cash used in financing activities</b>	<b>(512,203)</b>	<b>(480,216)</b>
<b>Net increase in cash and cash equivalents</b>	<b>617,114</b>	<b>730,591</b>
Cash and cash equivalents at beginning of year	6,718,474	5,987,883
<b>Cash and cash equivalents at the end of year</b>	<b>7,335,588</b>	<b>6,718,474</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	7,335,588	6,718,474
	<b>7,335,588</b>	<b>6,718,474</b>

The notes on pages 12 to 27 form part of these financial statements.

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. General information**

Gillies of Broughty Ferry Limited is a private limited company incorporated in Scotland.

The registered office is 172-180 Brook Street, Broughty Ferry, Dundee, DD5 2 AJ.

The principal activity of the company in the year was the retailing of house furnishings.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated financial statements have been extracted, have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable accounting standards and the Companies Act 2006.

The members have agreed to the preparation of abridged accounts for this accounting period in accordance with Section 444(2A) of the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

There was a restatement under FRS102 at the date of transition for £361,389 in respect of deferred tax on the surplus of revalued assets. No other material FRS102 restatements were required.

The following principal accounting policies have been applied:

**2.2 Revenue**

Revenue represents the total invoiced value, excluding value added tax of goods sold during the year. Revenue is recognised when the goods are physically delivered to the customer. Deposits obtained in advance of delivery from customers are reflected within creditors; amounts falling due within one year

**2.3 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company has taken advantage of the provisions within FRS 102 to adopt the deemed cost basis for valuing the heritable property. This means that the value of the heritable property on 1 September 2014 (the transition date) has been deemed to be historic cost.

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

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**2. Accounting policies (continued)**

**2.3 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 2.5% Reducing balance method
Motor vehicles	- 25% Reducing balance method
Fixtures and fittings	- 15-33% Reducing balance method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**2.4 Investment property**

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and Loss Account.

**2.5 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

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**2. Accounting policies (continued)**

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**2.9 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.12 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

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**2. Accounting policies (continued)**

**2.13 Pensions**

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

**2.14 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	386,439	402,439
Exchange differences	(29,420)	-
Defined contribution pension cost	116,095	118,620
Defined benefit pension cost	<u>319,714</u>	<u>472,828</u>

4. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>9,750</u>	<u>18,750</u>

**GILLIES OF BROUGHTY FERRY LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**5. Employees**

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

	2016 £	2015 £
Wages and salaries	3,676,471	3,563,733
Social security costs	338,844	323,041
Cost of defined benefit scheme	319,714	472,828
Cost of defined contribution scheme	116,095	118,620
	<u>4,451,124</u>	<u>4,478,222</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Sales and Distribution	138	135
Office and Management	35	33
	<u>173</u>	<u>168</u>

**6. Directors' remuneration**

	2016 £	2015 £
Directors' emoluments	552,776	541,507
Company contributions to defined contribution pension schemes	26,237	31,284
	<u>579,013</u>	<u>572,791</u>

During the year retirement benefits were accruing to 5 directors (2015 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £104,063 (2015 - £100,750).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2015 - £NIL).

The total accrued pension provision of the highest paid director at 31 August 2016 amounted to £NIL (2015 - £NIL).

The amount of the accrued lump sum in respect of the highest paid director at 31 August 2016 amounted to £NIL (2015 - £NIL).

GILLIES OF BROUGHTY FERRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

7. Interest receivable

	2016 £	2015 £
Other interest receivable	82,985	157,444
	<u>82,985</u>	<u>157,444</u>

8. Taxation

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	410,103	372,125
Adjustments in respect of previous periods	(3,505)	-
	<u>406,598</u>	<u>372,125</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(44,578)	(71,734)
	<u>(44,578)</u>	<u>(71,734)</u>
	<u>362,020</u>	<u>300,391</u>
<b>Taxation on profit on ordinary activities</b>		

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,663,547</u>	<u>1,766,038</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	332,709	353,208
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	105,644	441
Capital allowances for year in excess of depreciation	(28,250)	35,153
Adjustments to tax charge in respect of prior periods	(3,505)	-
Other timing differences leading to an increase (decrease) in taxation	(44,578)	(71,734)
Land & building remediation relief	-	(29,250)
Marginal relief	-	12,573
<b>Total tax charge for the year</b>	<u><b>362,020</b></u>	<u><b>300,391</b></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Dividends

	2016 £	2015 £
Dividends paid	512,203	480,216
	<u><b>512,203</b></u>	<u><b>480,216</b></u>

GILLIES OF BROUGHTY FERRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

10. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>				
At 1 September 2015	10,435,104	832,417	790,269	12,057,790
Additions	-	130,374	5,411	135,785
Disposals	-	(158,011)	-	(158,011)
At 31 August 2016	10,435,104	804,780	795,680	12,035,564
<b>Depreciation</b>				
At 1 September 2015	1,120,057	519,512	453,274	2,092,843
Charge for the year on owned assets	242,058	86,487	57,894	386,439
Disposals	-	(114,720)	-	(114,720)
At 31 August 2016	1,362,115	491,279	511,168	2,364,562
<b>Net book value</b>				
At 31 August 2016	9,072,989	313,501	284,512	9,671,002
<b>At 31 August 2015</b>	<u>9,315,047</u>	<u>312,905</u>	<u>336,995</u>	<u>9,964,947</u>

GILLIES OF BROUGHTY FERRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

11. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 September 2015	2	40,000	40,002
At 31 August 2016	2	40,000	40,002
<b>Net book value</b>			
At 31 August 2016	2	40,000	40,002
<b>At 31 August 2015</b>	2	40,000	40,002

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Scandinavian Interiors Limited	Scotland	Ordinary	100 %	Non Trading

The aggregate of the share capital and reserves as at 31 August 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £
Scandinavian Interiors Limited	(224)
	(224)



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**GILLIES OF BROUGHTY FERRY LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**12. Investment property**

	Freehold investment property £
<b>Valuation</b>	
At 1 September 2015	1,968,065
Surplus on revaluation	(13,065)
	<hr/>
<b>At 31 August 2016</b>	<b>1,955,000</b>
	<hr/>

The 2016 valuations were made by Allied Surveyors Scotland Plc, on an open market value for existing use basis.

**At 31 August 2016**

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £	2015 £
Historic cost	2,097,903	2,097,903
	<hr/>	<hr/>
	<b>2,097,903</b>	<b>2,097,903</b>
	<hr/>	<hr/>

**13. Stocks**

	2016 £	2015 £
Finished goods and goods for resale	2,402,502	2,328,872
	<hr/>	<hr/>
	<b>2,402,502</b>	<b>2,328,872</b>
	<hr/>	<hr/>

GILLIES OF BROUGHTY FERRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

14. Debtors

	2016 £	2015 £
Trade debtors	94,893	56,448
Prepayments and accrued income	343,129	-
	<u>438,022</u>	<u>56,448</u>

15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	7,335,588	6,718,474
	<u>7,335,588</u>	<u>6,718,474</u>

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,198,951	958,136
Corporation tax	230,103	187,155
Other taxation and social security	578,462	567,338
Other creditors	1,235,897	1,550,236
Accruals and deferred income	339,092	299,078
	<u>3,582,505</u>	<u>3,561,943</u>

17. Deferred taxation

	2016 £
At beginning of year	(407,174)
Charged to profit or loss	44,578
At end of year	<u>(362,596)</u>

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GILLIES OF BROUGHTY FERRY LIMITED

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NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

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17. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2016 £
Accelerated capital allowances	(51,201)
Revaluation of property	(311,395)
	<u>(362,596)</u>

18. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
12,872 Ordinary shares of £0.50 each	<u>6,436</u>	<u>6,436</u>

19. Reserves

**Capital redemption reserve**

A number of years ago the company reduced its own share capital by £3,564.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

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**20. Pension commitments**

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 31 March 2013. The main finding at the time of the 31 March 2013 valuation showed that there was a deficit on the scheme of £1,970,000.

As part of the most recent actuarial valuation the agreed Recovery Plan suggested that the Company make annual contributions of £240,000. The company has committed to paying the recommended £240,000 annually up to 29 February 2016. In addition to these contributions the company paid a one off contribution of £150,000 in December 2014.

The Company has not paid for a valuation as at 31 August 2016, 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.

Specific accounting and disclosure requirements under FRS 102 have not been met as the pension valuation at 31 August 2016 has not been obtained.

**21. Commitments under operating leases**

At 31 August 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Later than 1 year and not later than 5 years	133,111	168,994
	<u>133,111</u>	<u>168,994</u>

GILLIES OF BROUGHTY FERRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 September 2014. The impact of the transition to FRS 102 is as follows:

	As previously stated 1 September 2014	Effect of transition 1 September 2014	FRS 102 (as restated) 1 September 2014	As previously stated 31 August 2015	Effect of transition 31 August 2015	FRS 102 (as restated) 31 August 2015
	Note	£	£	£	£	£
Fixed assets		11,210,223	-	11,210,223	11,973,014	11,973,014
Current assets		8,347,726	-	8,347,726	9,103,794	9,103,794
Creditors: amounts falling due within one year		(2,956,781)	-	(2,956,781)	(3,561,943)	(3,561,943)
<b>Net current assets</b>		5,390,945	-	5,390,945	5,541,851	5,541,851
<b>Total assets less current liabilities</b>		16,601,168	-	16,601,168	17,514,865	17,514,865
Provisions for liabilities		(117,519)	(361,389)	(478,908)	(407,174)	(407,174)
<b>Net assets</b>		16,483,649	(361,389)	16,122,260	17,107,691	17,107,691
Capital and reserves		16,483,649	(361,389)	16,122,260	17,107,691	17,107,691

GILLIES OF BROUGHTY FERRY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016

22. First time adoption of FRS 102 (continued)

		<i>As previously stated 31 August 2015</i>	<i>Effect of transition 31 August 2015</i>	<b>FRS (as resta 31 Aug 2</b>
	<b>Note</b>	<b>£</b>	<b>£</b>	
Turnover		17,340,916	-	<b>17,340</b>
Cost of sales		(8,692,272)	-	<b>(8,692</b>
		8,648,644	-	<b>8,648</b>
Administrative expenses		(7,147,649)	-	<b>(7,147</b>
Other operating income		107,599	-	<b>107</b>
<b>Operating profit</b>		1,608,594	-	<b>1,608</b>
Interest receivable and similar income		157,444	-	<b>157</b>
Taxation		(300,391)	-	<b>(300</b>
<b>Profit on ordinary activities after taxation and for the financial year</b>		<u>1,465,647</u>	<u>-</u>	<u><b>1,465</b></u>

Explanation of changes to previously reported profit and equity:

1 There was a restatement provided under FRS102 at the date of transition for £361,389 in respect of deferred tax on the surplus of revalued assets. No other material FRS102 restatements were required.

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