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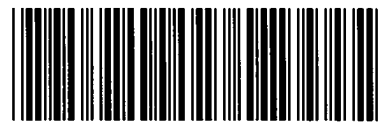
**GILLIES OF BROUGHTY FERRY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

SATURDAY



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COMPANIES HOUSE

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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  
E. Webster  
T. Rodgers

**Company secretary**

T. Rodgers

**Registered number**

SC026803

**Registered office**

172-180 Brook Street  
Broughty Ferry  
Dundee  
DD5 2AJ

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## GILLIES OF BROUGHTY FERRY LIMITED

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## GILLIES OF BROUGHTY FERRY LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2017

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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 remains challenging. The "Brexit" vote, the general election and the political landscape of Scotland have created uncertainty amongst consumers generally, whilst the continuing downturn in the Oil Industry has impacted particularly on the economy of the North East of Scotland.

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. During the year the company opened a store in Inverness, expanding its marketplace into the Highlands and North West of Scotland. Existing stores continue to be maintained with a planned programme of refurbishment followed to ensure the company's offering remains to a high standard with product ranges kept fresh. The company continued to invest in the development of its online trading platform with sales from this increasing beyond last year's level.

#### 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 £17.6m, an increase of 4% on the level of £16.874m achieved in 2016 with Gross Margin maintained at just short of 50%. The company's Net profit before tax was £1.253m in 2017, a reduction from £1.664m 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 12 December 2017 and signed on its behalf.



**T. Rodgers**  
Director

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## GILLIES OF BROUGHTY FERRY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

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The directors present their report and the financial statements for the year ended 31 August 2017.

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 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 £942,532 (2016 - £1,301,527).

#### Directors

The directors who served during the year were:

I. Philp  
A. Philp  
D. Philp  
E. Philp  
C. Philp  
E. Webster  
T. Rodgers

#### 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 2017**

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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 12 December 2017 and signed on its behalf.



T. Rodgers  
Director

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## **GILLIES OF BROUGHTY FERRY LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GILLIES OF BROUGHTY FERRY LIMITED**

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#### **Opinion**

We have audited the financial statements of Gillies of Broughty Ferry Limited for the year ended 31 August 2017, set out on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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.

As explained in note 23 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 2016 revealed a pension deficit of £504,000. If the valuation had been obtained at 31 August 2017 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 2017 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## GILLIES OF BROUGHTY FERRY LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GILLIES OF BROUGHTY FERRY LIMITED (CONTINUED)

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#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matters 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 year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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## **GILLIES OF BROUGHTY FERRY LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GILLIES OF BROUGHTY FERRY LIMITED (CONTINUED)**

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

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

We have nothing to report in respect of the following matters in relation to which 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.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditors' Report.

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GILLIES OF BROUGHTY FERRY  
LIMITED (CONTINUED)**

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Alexander Squires, CA (Senior Statutory Auditor)

for and on behalf of

**Findlay & Company**

Chartered Accountants and

Statutory Auditors

11 Dudhope Terrace

Dundee

DD3 6TS

12 December 2017

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2017**

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	Note	2017 £	2016 £
Turnover	3	17,599,811	16,873,602
Cost of sales		(8,778,037)	(8,451,965)
<b>Gross profit</b>		<b>8,821,774</b>	<b>8,421,637</b>
Administrative expenses		(7,766,197)	(6,991,493)
Other operating income	4	142,720	150,418
<b>Operating profit</b>	5	<b>1,198,297</b>	<b>1,580,562</b>
Interest receivable and similar income	9	54,601	82,985
<b>Profit before tax</b>		<b>1,252,898</b>	<b>1,663,547</b>
Tax on profit	10	(310,366)	(362,020)
<b>Profit for the financial year</b>		<b>942,532</b>	<b>1,301,527</b>

There was no other comprehensive income for 2017 (2016:£NIL).

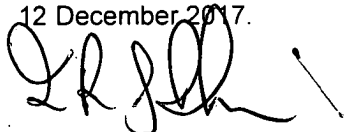
The notes on pages 14 to 28 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	12	480,068	-
Tangible assets	13	12,881,935	9,671,002
Investments	14	2	40,002
Investment property	15	2,109,167	1,955,000
		<u>15,471,172</u>	<u>11,666,004</u>
<b>Current assets</b>			
Stocks	16	3,081,407	2,402,502
Debtors: amounts falling due within one year	17	422,631	438,022
Cash at bank and in hand	18	3,105,577	7,335,588
		<u>6,609,615</u>	<u>10,176,112</u>
Creditors: amounts falling due within one year	19	(3,399,654)	(3,582,505)
<b>Net current assets</b>		<u>3,209,961</u>	<u>6,593,607</u>
<b>Total assets less current liabilities</b>		<u>18,681,133</u>	<u>18,259,611</u>
<b>Provisions for liabilities</b>			
Deferred tax	20	(357,598)	(362,596)
		<u>(357,598)</u>	<u>(362,596)</u>
<b>Net assets</b>		<u><u>18,323,535</u></u>	<u><u>17,897,015</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	6,436	6,436
Capital redemption reserve	22	3,564	3,564
Profit and loss account	22	18,313,535	17,887,015
		<u>18,323,535</u>	<u>17,897,015</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 December 2017.



**I. Philp**  
Director

The notes on pages 14 to 28 form part of these financial statements.

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2017**

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	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2016	6,436	3,564	17,887,015	17,897,015
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	942,532	942,532
<b>Total comprehensive income for the year</b>	-	-	942,532	942,532
Dividends: Equity capital	-	-	(516,012)	(516,012)
<b>Total transactions with owners</b>	-	-	(516,012)	(516,012)
<b>At 31 August 2017</b>	<b>6,436</b>	<b>3,564</b>	<b>18,313,535</b>	<b>18,323,535</b>

The notes on pages 14 to 28 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
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 14 to 28 form part of these financial statements.

**GILLIES OF BROUGHTY FERRY LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	942,532	1,301,527
<b>Adjustments for:</b>		
Amortisation of intangible assets	38,932	-
Depreciation of tangible assets	431,764	386,441
Revaluation of investment properties	-	13,065
Loss on disposal of tangible assets	(356)	(27,612)
Interest received	(54,601)	(82,985)
Taxation charge	310,366	362,020
(Increase) in stocks	(678,905)	(73,630)
Decrease/(increase) in debtors	15,392	(381,576)
(Decrease) in creditors	(86,538)	(22,386)
Corporation tax (paid)	(411,667)	(363,650)
<b>Net cash generated from operating activities</b>	<b>506,919</b>	<b>1,111,214</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(519,000)	-
Purchase of tangible fixed assets	(3,644,685)	(135,785)
Sale of tangible fixed assets	2,333	70,903
Purchase of investment properties	(154,167)	-
Sale of unlisted and other investments	40,000	-
Interest received	54,601	82,985
<b>Net cash from investing activities</b>	<b>(4,220,918)</b>	<b>18,103</b>

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>Cash flows from financing activities</b>		
Dividends paid	<b>(516,012)</b>	<b>(512,203)</b>
<b>Net cash used in financing activities</b>	<b>(516,012)</b>	<b>(512,203)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,230,011)</b>	<b>617,114</b>
Cash and cash equivalents at beginning of year	<b>7,335,588</b>	<b>6,718,474</b>
<b>Cash and cash equivalents at the end of year</b>	<b>3,105,577</b>	<b>7,335,588</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>3,105,577</b>	<b>7,335,588</b>
	<b>3,105,577</b>	<b>7,335,588</b>

The notes on pages 14 to 28 form part of these financial statements.

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## GILLIES OF BROUGHTY FERRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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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 2AJ.

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 financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

##### 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 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
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## GILLIES OF BROUGHTY FERRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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#### 2. Accounting policies (continued)

##### 2.4 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.

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.

##### 2.5 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.

##### 2.6 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.

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## **GILLIES OF BROUGHTY FERRY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **2. Accounting policies (continued)**

##### **2.7 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.

##### **2.8 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.

##### **2.9 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.

##### **2.10 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.

##### **2.11 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.

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## **GILLIES OF BROUGHTY FERRY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **2. Accounting policies (continued)**

##### **2.12 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.

##### **2.13 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.

##### **2.14 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.

##### **2.15 Interest income**

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

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## GILLIES OF BROUGHTY FERRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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## 2. Accounting policies (continued)

### 2.16 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.

### 2.17 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. Turnover

	2017 £	2016 £
United Kingdom	17,599,811	16,873,602
	<u>17,599,811</u>	<u>16,873,602</u>

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**4. Other operating income**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net rents receivable	<b>142,720</b>	<b>150,418</b>
	<b>142,720</b>	<b>150,418</b>

**5. Operating profit**

The operating profit is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>431,775</b>	<b>386,439</b>
Amortisation of intangible assets, including goodwill	<b>38,932</b>	<b>-</b>
Exchange differences	<b>4,604</b>	<b>(29,420)</b>
Defined contribution pension cost	<b>120,192</b>	<b>116,095</b>
Defined benefit pension cost	<b>312,805</b>	<b>319,714</b>

**6. Auditors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<b>9,750</b>	<b>9,750</b>

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**7. Employees**

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

	2017 £	2016 £
Wages and salaries	3,916,236	3,676,471
Social security costs	346,727	338,844
Cost of defined benefit scheme	312,805	319,714
Cost of defined contribution scheme	120,192	116,095
	<u>4,695,960</u>	<u>4,451,124</u>

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

	2017 No.	2016 No.
Sales and Distribution	143	138
Office and Management	37	35
	<u>180</u>	<u>173</u>

**8. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	512,762	552,776
Company contributions to defined contribution pension schemes	22,601	26,237
	<u>535,363</u>	<u>579,013</u>

During the year retirement benefits were accruing to 4 directors (2016 - 5) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2017 £	2016 £
Other interest receivable	54,601	82,985
	<u>54,601</u>	<u>82,985</u>

**GILLIES OF BROUGHTY FERRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**10. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	313,800	410,103
Adjustments in respect of previous periods	1,565	(3,505)
<b>Total current tax</b>	<u>315,365</u>	<u>406,598</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,999)	(44,578)
<b>Total deferred tax</b>	<u>(4,999)</u>	<u>(44,578)</u>
<b>Taxation on profit on ordinary activities</b>	<u>310,366</u>	<u>362,020</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 19.58% (2016 - 20%) as set out below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,252,898</u>	<u>1,663,547</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.58% (2016 - 20%)	245,317	332,709
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	7,624	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	60,915	105,644
Capital allowances for year in excess of depreciation	2,906	(28,250)
Adjustments to tax charge in respect of prior periods	1,565	(3,505)
Other timing differences leading to an increase (decrease) in taxation	(7,961)	(44,578)
<b>Total tax charge for the year</b>	<u>310,366</u>	<u>362,020</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**11. Dividends**

	<b>2017 £</b>	<b>2016 £</b>
Dividends paid	<b>516,012</b>	<b>512,203</b>
	<b>516,012</b>	<b>512,203</b>

**12. Intangible assets**

	<b>Goodwill £</b>
<b>Cost</b>	
Additions	<b>519,000</b>
At 31 August 2017	<b>519,000</b>
<b>Amortisation</b>	
Charge for the year	<b>38,932</b>
At 31 August 2017	<b>38,932</b>
<b>Net book value</b>	
At 31 August 2017	<b>480,068</b>
At 31 August 2016	-

**GILLIES OF BROUGHTY FERRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**13. Tangible fixed assets**

	Freehold property £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>				
At 1 September 2016	10,435,104	804,780	795,680	12,035,564
Additions	3,511,900	102,270	30,515	3,644,685
Disposals	-	(7,499)	-	(7,499)
At 31 August 2017	<u>13,947,004</u>	<u>899,551</u>	<u>826,195</u>	<u>15,672,750</u>
<b>Depreciation</b>				
At 1 September 2016	1,362,115	491,279	511,168	2,364,562
Charge for the year on owned assets	283,479	94,928	53,368	431,775
Disposals	-	(5,522)	-	(5,522)
At 31 August 2017	<u>1,645,594</u>	<u>580,685</u>	<u>564,536</u>	<u>2,790,815</u>
<b>Net book value</b>				
At 31 August 2017	<u><u>12,301,410</u></u>	<u><u>318,866</u></u>	<u><u>261,659</u></u>	<u><u>12,881,935</u></u>
At 31 August 2016	<u><u>9,072,989</u></u>	<u><u>313,501</u></u>	<u><u>284,512</u></u>	<u><u>9,671,002</u></u>

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**14. Fixed asset investments**

	Investments in subsidiary companies £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 September 2016	2	40,000	40,002
Disposals	-	(40,000)	(40,000)
At 31 August 2017	<u>2</u>	<u>-</u>	<u>2</u>
<b>Net book value</b>			
At 31 August 2017	<u>2</u>	<u>-</u>	<u>2</u>
At 31 August 2016	<u>2</u>	<u>40,000</u>	<u>40,002</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

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

The aggregate of the share capital and reserves as at 31 August 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Scandinavian Interiors Limited	<b>Aggregate of share capital and reserves £</b> <b>(224)</b>
	<b>(224)</b>

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**15. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 September 2016	<b>1,955,000</b>
Additions at cost	<b>154,167</b>
<b>At 31 August 2017</b>	<b><u>2,109,167</u></b>

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

The directors have considered these valuations and believe there has been no material movements since the valuations took place.

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

	<b>2017 £</b>	<b>2016 £</b>
Historic cost	<b>2,252,070</b>	<b>2,097,903</b>
	<b><u>2,252,070</u></b>	<b><u>2,097,903</u></b>

**16. Stocks**

	<b>2017 £</b>	<b>2016 £</b>
Goods for resale	<b>3,081,407</b>	<b>2,402,502</b>
	<b><u>3,081,407</u></b>	<b><u>2,402,502</u></b>

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**17. Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>85,906</b>	94,893
Prepayments and accrued income	<b>336,725</b>	343,129
	<b>422,631</b>	438,022

**18. Cash and cash equivalents**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>3,105,577</b>	7,335,588
	<b>3,105,577</b>	7,335,588

**19. Creditors: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>1,228,646</b>	1,198,951
Corporation tax	<b>133,800</b>	230,103
Other taxation and social security	<b>263,562</b>	578,462
Other creditors	<b>1,524,466</b>	1,235,897
Accruals and deferred income	<b>249,180</b>	339,092
	<b>3,399,654</b>	3,582,505

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**GILLIES OF BROUGHTY FERRY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**20. Deferred taxation**

	2017 £
At beginning of year	(362,596)
Charged to profit or loss	4,998
<b>At end of year</b>	<b>(357,598)</b>

The provision for deferred taxation is made up as follows:

	2017 £
Accelerated capital allowances	(46,203)
Revaluation of property	(311,395)
	<b>(357,598)</b>

**21. Share capital**

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
12,872 Ordinary shares of £0.50 each	<b>6,436</b>	<b>6,436</b>

**22. 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.

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## GILLIES OF BROUGHTY FERRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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#### 23. Pension commitments

The company provides pension arrangements to the directors and some of the 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 2016. The main finding at the time of the 31 March 2016 valuation showed that there was a deficit on the scheme of £504,000.

As part of the most recent actuarial valuation the agreed Recovery Plan suggested that the Company make monthly contributions of £20,000. The company has committed to paying the recommended amount until 31 May 2018.

The Company has not paid for a valuation as at 31 August 2017, 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 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 2017 has not been obtained.

#### 24. Commitments under operating leases

At 31 August 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Later than 1 year and not later than 5 years	97,183	133,111
	<u>97,183</u>	<u>133,111</u>