

Registered number: SC026803

GILLIES OF BROUGHTY FERRY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020



GILLIES OF BROUGHTY FERRY LIMITED
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COMPANY INFORMATION

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

GILLIES OF BROUGHTY FERRY LIMITED

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GILLIES OF BROUGHTY FERRY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2020

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 Covid 19 pandemic impacted significantly on the operations and performance of the business during the financial year. Government restrictions led to the temporary closure of the company's retail stores for a period of almost three months, bringing about a significant reduction in turnover. Restrictions in the ability to operate generally during the "lock down" period necessitated the company to furlough a significant element of the workforce and draw upon the Coronavirus Job Retention Scheme. As restrictions were loosened and the various aspects of the company's business were able to recommence activities staff were returned from furlough but on a phased basis.

Trading level following the re-opening of the stores was well above the previous year's level reflecting pent up demand during the lockdown period, but the "lost" Turnover of the lock down period meant that turnover for this year was around £4 million less than the previous year.

In view of the challenges presented by the pandemic particular focus was applied to the company's overheads and costs with efficiencies and savings made in various areas. Overhead savings were helped in particular by the Government's Rates Relief for Retail Property which applied to the company's retail stores. Unfortunately it was necessary to cut staffing levels as part of this exercise with head count at the end of the Financial year being 11 fewer than at the start of the Financial Year.

Although the company has returned a profit for the Financial Year, without the contribution of the Coronavirus Job Retention Scheme and Rates relief the company would have reported a much bleaker picture of a significant loss and possibly a significantly reduced staffing level.

Notwithstanding the pandemic and its key influence on the operations during the year, 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. The company continues to follow a planned programme of refurbishment of its stores keeping the company's offering at a high standard and product ranges kept appealing. This included, during the year, redevelopment work within the Broughty Ferry store to expand the floorspace of the Home Department.

The Financial Year included the 125th anniversary of the establishment of the original Gillies Home Furnishing business. This milestone was to have been marked by a number of planned events and celebrations which unfortunately were not able to proceed due to the pandemic.

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
- COVID-19 impact

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.


GILLIES OF BROUGHTY FERRY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Financial key performance indicator

The Key Financial Performance indicators of the business are Turnover, Gross Margin and Net Profit before Tax. Turnover for the year was £14.3m, a decrease of almost 22% on the level of £18.3m achieved in 2019 with Gross Margin marginally reduced at 48.3%, reflecting both the competitive marketplace the company operates in and the impact of exchange rate driven cost inflation. The company's Net profit before tax was £0.6m in 2020, a reduction from £1.5m in the previous year.

This report was approved by the board on 21 December 2020 and signed on its behalf.



T. Rodgers
Director

GILLIES OF BROUGHTY FERRY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The directors present their report and the financial statements for the year ended 31 August 2020.

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 £444,223 (2019 - £1,120,440).

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.

GILLIES OF BROUGHTY FERRY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

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

The company sold an asset after the year end. Details of this transaction are shown in note 24 to the financial statements.

Auditors

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

This report was approved by the board on 21 December 2020 and signed on its behalf.



T. Rodgers
Director

GILLIES OF BROUGHTY FERRY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GILLIES OF BROUGHTY FERRY LIMITED

Opinion

We have audited the financial statements of Gillies of Broughty Ferry Limited (the 'company') for the year ended 31 August 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. 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).

As explained in note 22 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 2019 revealed a pension surplus of £399,000. If the valuation had been obtained at 31 August 2020 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 2020 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.

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.

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

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 other 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.

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 or 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.

GILLIES OF BROUGHTY FERRY LIMITED

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.



Alexander Squires, CA (Senior Statutory Auditor)
for and on behalf of

Findlays

Chartered Accountants and
Statutory Auditors
11 Dudhope Terrace
Dundee
DD3 6TS

21 December 2020

GILLIES OF BROUGHTY FERRY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
Turnover	3	14,267,295	18,308,975
Cost of sales		(7,376,647)	(9,349,454)
Gross profit		6,890,648	8,959,521
Administrative expenses		(7,340,790)	(7,656,224)
Other operating income	4	1,072,302	161,750
Operating profit		622,160	1,465,047
Interest receivable and similar income	8	9,849	11,188
Profit before tax		632,009	1,476,235
Tax on profit	9	(187,786)	(355,795)
Profit for the financial year		444,223	1,120,440

There was no other comprehensive income for 2020 (2019:£NIL).

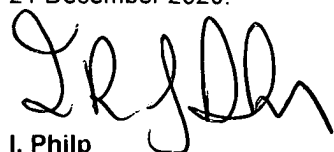
The notes on pages 13 to 27 form part of these financial statements.

GILLIES OF BROUGHTY FERRY LIMITED
REGISTERED NUMBER: SC026803

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	324,374	376,274
Tangible assets	12	12,586,931	12,417,714
Investments	13	2	2
Investment property	14	1,665,000	1,905,000
		<u>14,576,307</u>	<u>14,698,990</u>
Current assets			
Stocks	15	3,349,514	3,250,745
Debtors: amounts falling due within one year	16	442,980	461,594
Cash at bank and in hand	17	5,502,145	4,728,892
		<u>9,294,639</u>	<u>8,441,231</u>
Creditors: amounts falling due within one year	18	(4,081,126)	(3,620,536)
Net current assets		<u>5,213,513</u>	<u>4,820,695</u>
Total assets less current liabilities		<u>19,789,820</u>	<u>19,519,685</u>
Provisions for liabilities			
Deferred tax	19	(390,579)	(379,671)
		<u>(390,579)</u>	<u>(379,671)</u>
Net assets		<u><u>19,399,241</u></u>	<u><u>19,140,014</u></u>
Capital and reserves			
Called up share capital	20	6,436	6,436
Capital redemption reserve	21	3,564	3,564
Profit and loss account	21	19,389,241	19,130,014
		<u><u>19,399,241</u></u>	<u><u>19,140,014</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2020.



I. Philp
Director

The notes on pages 13 to 27 form part of these financial statements.

GILLIES OF BROUGHTY FERRY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2018	6,436	3,564	18,565,379	18,575,379
Comprehensive income for the year				
Profit for the year	-	-	1,120,440	1,120,440
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,120,440	1,120,440
Dividends: Equity capital	-	-	(555,805)	(555,805)
Total transactions with owners	-	-	(555,805)	(555,805)
At 1 September 2019	6,436	3,564	19,130,014	19,140,014
Comprehensive income for the year				
Profit for the year	-	-	444,223	444,223
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	444,223	444,223
Dividends: Equity capital	-	-	(184,996)	(184,996)
Total transactions with owners	-	-	(184,996)	(184,996)
At 31 August 2020	6,436	3,564	19,389,241	19,399,241

The notes on pages 13 to 27 form part of these financial statements.

GILLIES OF BROUGHTY FERRY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	444,223	1,120,440
Adjustments for:		
Amortisation of intangible assets	51,900	51,900
Depreciation of tangible assets	486,653	472,506
Loss on disposal of tangible assets	525	(4,076)
Government grants	(936,809)	-
Interest received	(9,849)	(11,188)
Taxation charge	187,786	355,795
(Increase) in stocks	(98,769)	(105,402)
Decrease/(increase) in debtors	18,614	(63,294)
Increase in creditors	428,554	106,635
Corporation tax (paid)	(144,850)	(250,166)
Net cash generated from operating activities	427,978	1,673,150

GILLIES OF BROUGHTY FERRY LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020 £	2019 £
Cash flows from investing activities		
Purchase of tangible fixed assets	(427,467)	(258,718)
Sale of tangible fixed assets	11,080	21,911
Government grants received	936,809	-
Interest received	9,849	11,188
Net cash from investing activities	530,271	(225,619)
Cash flows from financing activities		
Dividends paid	(184,996)	(555,805)
Net cash used in financing activities	(184,996)	(555,805)
Net increase in cash and cash equivalents	773,253	891,726
Cash and cash equivalents at beginning of year	4,728,892	3,837,166
Cash and cash equivalents at the end of year	5,502,145	4,728,892
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,502,145	4,728,892
	5,502,145	4,728,892

The notes on pages 13 to 27 form part of these financial statements.

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.5 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 Statement of Comprehensive Income 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.

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.7 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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2.8 Tangible fixed assets

Tangible fixed assets under the cost model 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 profit or loss.

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.9 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 nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.10 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.

2.11 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 the Statement of Comprehensive Income.

2.12 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.

2.13 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.

2.14 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.

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)**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 profit or loss 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.

2.16 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.

2.17 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.

3. Turnover

	2020 £	2019 £
United Kingdom	14,267,295	18,308,975
	<u>14,267,295</u>	<u>18,308,975</u>

4. Other operating income

	2020 £	2019 £
Net rents receivable	135,493	161,750
Government grants receivable	936,809	-
	<u>1,072,302</u>	<u>161,750</u>

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

5. Auditors' remuneration

	2020 £	2019 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>10,150</u>	<u>9,950</u>

6. Employees

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

	2020 £	2019 £
Wages and salaries	4,185,622	4,115,972
Social security costs	377,625	366,241
Cost of defined contribution scheme	150,274	141,875
	<u>4,713,521</u>	<u>4,624,088</u>

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

	2020 No.	2019 No.
Sales and Distribution	145	147
Office and Management	37	37
	<u>182</u>	<u>184</u>

Included within wages and salaries is £24,663 relating to termination payments and notice periods which were due to be made to 5 employees post year end.

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	561,450	545,627
Company contributions to defined contribution pension schemes	25,675	24,577
	<u>587,125</u>	<u>570,204</u>

During the year retirement benefits were accruing to 4 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £103,458 (2019 - £108,677).

8. Interest receivable

	2020 £	2019 £
Other interest receivable	9,849	11,188
	<u>9,849</u>	<u>11,188</u>

9. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	176,878	324,540
Total current tax	<u>176,878</u>	<u>324,540</u>
Deferred tax		
Origination and reversal of timing differences	10,908	31,255
Total deferred tax	<u>10,908</u>	<u>31,255</u>
Taxation on profit on ordinary activities	<u>187,786</u>	<u>355,795</u>

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%) as set out below:

	2020 £	2019 £
Profit on ordinary activities before tax	632,009	1,476,235
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	120,082	280,485
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	9,861	9,861
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	340	(15,923)
Depreciation for year in excess of capital allowances	57,503	58,578
Other timing differences leading to an increase (decrease) in taxation	-	22,794
Total tax charge for the year	187,786	355,795

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Dividends

	2020 £	2019 £
Dividends paid	184,996	555,805
	184,996	555,805

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. Intangible assets

	Goodwill £
Cost	
At 1 September 2019	519,000
At 31 August 2020	519,000
Amortisation	
At 1 September 2019	142,726
Charge for the year on owned assets	51,900
At 31 August 2020	194,626
Net book value	
At 31 August 2020	324,374
At 31 August 2019	376,274

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

12. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 September 2019	13,993,423	1,046,156	878,591	15,918,170
Additions	203,426	64,795	159,246	427,467
Disposals	-	(71,688)	-	(71,688)
Transfers between classes	240,000	-	-	240,000
At 31 August 2020	14,436,849	1,039,263	1,037,837	16,513,949
Depreciation				
At 1 September 2019	2,273,004	576,722	650,730	3,500,456
Charge for the year on owned assets	305,778	127,864	53,003	486,645
Disposals	-	(60,083)	-	(60,083)
At 31 August 2020	2,578,782	644,503	703,733	3,927,018
Net book value				
At 31 August 2020	11,858,067	394,760	334,104	12,586,931
At 31 August 2019	11,720,419	469,434	227,861	12,417,714

The net book value of land and buildings may be further analysed as follows:

	2020 £	2019 £
Freehold	11,858,067	11,720,419
	<u>11,858,067</u>	<u>11,720,419</u>

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 September 2019	2
At 31 August 2020	<u>2</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding
Scandinavian Interiors Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 August 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name	Profit/(Loss)
Scandinavian Interiors Limited	(224)

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. Investment property

	Freehold investment property £
Valuation	
At 1 September 2019	1,905,000
Transfers between classes	(240,000)
At 31 August 2020	1,665,000

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:

	2020 £	2019 £
Historic cost	1,837,903	2,047,903
	1,837,903	2,047,903

15. Stocks

	2020 £	2019 £
Goods for resale	3,349,514	3,250,745
	3,349,514	3,250,745

16. Debtors

	2020 £	2019 £
Trade debtors	108,303	129,566
Prepayments and accrued income	334,677	332,028
	442,980	461,594

GILLIES OF BROUGHTY FERRY LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	5,502,145	4,728,892
	5,502,145	4,728,892

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,132,591	1,330,679
Corporation tax	176,534	144,506
Other taxation and social security	669,135	744,309
Other creditors	1,895,560	1,255,034
Accruals and deferred income	207,306	146,008
	4,081,126	3,620,536

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Deferred taxation

	2020 £
At beginning of year	(379,671)
Charged to profit or loss	(10,908)
At end of year	(390,579)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(390,579)	(379,671)
	<u>(390,579)</u>	<u>(379,671)</u>

20. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
12,872 (2019 - 12,872) Ordinary shares of £0.50 each	<u>6,436</u>	<u>6,436</u>

21. 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.

GILLIES OF BROUGHTY FERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

22. 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 2019. The main finding at the time of the 31 March 2019 valuation showed that there was a surplus on the scheme of £399,000.

The Company has not paid for a valuation as at 31 August 2020, 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 2020 has not been obtained.

23. Commitments under operating leases

At 31 August 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	34,640	20,104
Later than 1 year and not later than 5 years	95,260	22,040
	<u>129,900</u>	<u>42,144</u>

24. Post balance sheet events

After the year end the company disposed of a piece of land which was held within fixed assets. There was a profit made on this disposal in the region of £350,000. Full disclosure will be made in the 2021 financial statements as required.