Registration number: 03181655

Picksons Plc

Annual Report and Consolidated Financial Statements

for the Year Ended 30 June 2017

Picksons Plc

Contents

Picksons Plc

Company Information

Directors	Mr C A Pick Mrs A I Pick Mr S A Pick
Registered office	Cotswold House Quarry Road Chipping Sodbury Bristol BS37 6AX
Auditors	Milsted Langdon LLP Chartered Accountants and Statutory Auditors Freshford House Redcliffe Way Bristol BS1 6NL

Picksons Plc

Strategic Report for the Year Ended 30 June 2017

The directors present their strategic report for the year ended 30 June 2017.

Principal activity
The principal activity of the Group is the provision of wholesale trade of motor vehicle parts and accessories.

Fair review of the business
The Group's operations comprise Picksons Plc, Fleetwheel Limited and CSD Friction Limited. The Group has had another successful year and experienced further financial growth whilst being able to maintain its consistent margins, which management are of the opinion is due to the good reputation of the business.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2017	2016
Turnover variance	%	9.89	0.00
Gross profit margin	%	34.99	36.27

Principal risks and uncertainties
The primary risk of the business is the loss of the Group's good reputation within the industry. This risk is managed by working closely with customers, continuously enhancing services and improving service levels, and by gaining business across a wider customer base.

Approved by the Board on 19 December 2017 and signed on its behalf by:

Mr C A Pick
Director

Picksons Plc

Directors' Report for the Year Ended 30 June 2017

The directors present their report and the for the year ended 30 June 2017.

Directors of the group
The directors who held office during the year were as follows:

Mr C A Pick

Mrs A I Pick

Mr S A Pick

Financial instruments

Objectives and policies

The company is exposed to price risk, credit risk, liquidity risk and cash flow risk. The directors review risk management strategies regularly.

Price risk, credit risk, liquidity risk and cash flow risk

Price
The company has minimal exposure to price risk as all prices are pre-set by management.

Credit
The company is exposed to credit risk and management ensure credit checks are completed on all new customers and chase debts on a regular basis once they become overdue.

Liquidity
The company's exposure to liquidity risk is minimal as the company has adequate net current assets.

Cashflow
The company is exposed to cash flow risk as a result of the timing between paying suppliers and the receipt of money from customers and management manage this through the use of an invoice discounting facility.

Future developments
Management's aim is to further develop and expand existing sites with a view to recognising further organic growth over the coming years.

Going concern
The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason the financial statements continue to adopt the going concern basis.

Disclosure of information to the auditor
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 19 December 2017 and signed on its behalf by:

Mr C A Pick
Director

Picksons Plc

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the Members of Picksons Plc

Opinion

We have audited the financial statements of Picksons Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, 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).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2017 and of the group's 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 group's or the parent 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 auditor's 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.

Independent Auditor's Report to the Members of Picksons Plc

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 matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the group and the parent 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities [set out on page 4], 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mrs S R Jenkins (Senior Statutory Auditor)
For and on behalf of Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Freshford House
Redcliffe Way
Bristol
BS1 6NL

22 December 2017

Picksons Plc

Consolidated Profit and Loss Account for the Year Ended 30 June 2017

	Note	Total 2017 £	Total 2016 £
Turnover	3	15,563,273	14,162,490
Cost of sales		(10,117,372)	(9,025,372)
Gross profit		5,445,901	5,137,118
Administrative expenses		(4,818,743)	(4,334,085)
Other operating income	4	9,600	9,600
Operating profit	6	636,758	812,633
Other interest receivable and similar income	7	-	818
Interest payable and similar expenses	8	(94,582)	(96,644)
		(94,582)	(95,826)
Profit before tax		542,176	716,807
Taxation	12	(128,688)	(165,617)
Profit for the financial year		413,488	551,190
Profit/(loss) attributable to:			
Owners of the company		331,877	455,892
Minority interests		81,611	95,298
		413,488	551,190

The above results were derived from continuing operations.

Picksons Plc

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2017

	2017 £	2016 £
Profit for the year	413,488	551,190
Total comprehensive income for the year	413,488	551,190
Total comprehensive income attributable to:		
Owners of the company	331,877	455,892
Minority interests	81,611	95,298
	413,488	551,190

The notes on pages 16 to 37 form an integral part of these financial statements.

Picksons Plc

(Registration number: 03181655)
Consolidated Balance Sheet as at 30 June 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	227,647	337,551
Tangible assets	14	1,662,924	1,312,067
		1,890,571	1,649,618
Current assets			
Stocks	16	3,265,445	2,939,704
Debtors	17	4,170,802	3,696,522
Investments	18	5,000	5,000
Cash at bank and in hand	19	91,206	68,369
		7,532,453	6,709,595
Creditors: Amounts falling due within one year	20	(5,610,751)	(5,118,757)
Net current assets		1,921,702	1,590,838
Total assets less current liabilities		3,812,273	3,240,456
Creditors: Amounts falling due after more than one year	20	(499,403)	(341,074)
Provisions for liabilities	21	(18,471)	(18,471)
Net assets		3,294,399	2,880,911
Capital and reserves			
Called up share capital	23	279,000	279,000
Profit and loss account		2,138,776	1,806,899
Equity attributable to owners of the company		2,417,776	2,085,899
Minority interests		876,623	795,012
Total equity		3,294,399	2,880,911

Approved and authorised by the Board on 19 December 2017 and signed on its behalf by:

Mr C A Pick

Director

Picksons Plc

(Registration number: 03181655)
Balance Sheet as at 30 June 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	503,213	239,991
Investments	15	2,284,818	2,284,818
		2,788,031	2,524,809
Current assets			
Stocks	16	1,405,793	1,203,241
Debtors	17	1,703,153	1,380,604
Investments	15	5,000	5,000
Cash at bank and in hand	19	2,054	46,139
		3,116,000	2,634,984
Creditors: Amounts falling due within one year	20	(3,888,079)	(3,589,700)
Net current liabilities		(772,079)	(954,716)
Total assets less current liabilities		2,015,952	1,570,093
Creditors: Amounts falling due after more than one year	20	(182,656)	-
Net assets		1,833,296	1,570,093
Capital and reserves			
Called up share capital		279,000	279,000
Profit and loss account		1,554,296	1,291,093
Total equity		1,833,296	1,570,093

The company made a profit after tax for the financial year of £263,203 (2016 - profit of £279,304).

Approved and authorised by the Board on 19 December 2017 and signed on its behalf by:

Mr C A Pick

Director

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2017
Equity attributable to the parent company

	Share capital £	Profit and loss account £	Total £	Non-controlling interests £	Total equity £
At 1 July 2016	279,000	1,806,899	2,085,899	795,012	2,880,911
Profit for the year	-	331,877	331,877	81,611	413,488
Total comprehensive income	-	331,877	331,877	81,611	413,488
At 30 June 2017	279,000	2,138,776	2,417,776	876,623	3,294,399

	Share capital £	Profit and loss account £	Total £	Non-controlling interests £	Total equity £
At 1 July 2015	279,000	1,388,007	1,667,007	699,714	2,366,721
Profit for the year	-	455,892	455,892	95,298	551,190
Total comprehensive income	-	455,892	455,892	95,298	551,190
Dividends	-	(37,000)	(37,000)	-	(37,000)
At 30 June 2016	279,000	1,806,899	2,085,899	795,012	2,880,911

The notes on pages 16 to 37 form an integral part of these financial statements.

Picksons Plc

Statement of Changes in Equity for the Year Ended 30 June 2017

	Share capital £	Profit and loss account £	Total £
At 1 July 2016	279,000	1,291,093	1,570,093
Profit for the year	-	263,203	263,203
Total comprehensive income	-	263,203	263,203
At 30 June 2017	279,000	1,554,296	1,833,296

	Share capital £	Profit and loss account £	Total £
At 1 July 2015	279,000	1,048,789	1,327,789
Profit for the year	-	279,304	279,304
Total comprehensive income	-	279,304	279,304
Dividends	-	(37,000)	(37,000)
At 30 June 2016	279,000	1,291,093	1,570,093

The notes on pages 16 to 37 form an integral part of these financial statements.

Picksons Plc

Consolidated Statement of Cash Flows for the Year Ended 30 June 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		413,488	551,190
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	335,008	287,934
Loss on disposal of tangible assets	5	1,261	2,396
Finance income	7	-	(818)
Finance costs	8	94,582	96,644
Income tax expense	12	128,688	165,617
		973,027	1,102,963
Working capital adjustments			
Increase in stocks	16	(325,741)	(374,956)
Increase in trade debtors	17	(474,280)	(140,689)
Increase/(decrease) in trade creditors	20	170,174	(131,173)
Cash generated from operations		343,180	456,145
Income taxes paid	12	(162,608)	(171,382)
Net cash flow from operating activities		180,572	284,763
Cash flows from investing activities			
Interest received		-	818
Acquisitions of tangible assets		(592,983)	(259,255)
Proceeds from sale of tangible assets		15,760	3,300
Acquisition of intangible assets	13	-	1,581
Net cash flows from investing activities		(577,223)	(253,556)
Cash flows from financing activities			
Interest paid	8	(94,582)	(96,644)
Repayment of bank borrowing		302,467	(11,190)
Proceeds from other borrowing draw downs		108,322	21,468
Payments to finance lease creditors		51,874	27,283
Dividends paid		-	(37,000)
Net cash flows from financing activities		368,081	(96,083)
Net decrease in cash and cash equivalents		(28,570)	(64,876)
Cash and cash equivalents at 1 July		68,369	133,245
Cash and cash equivalents at 30 June	19	39,799	68,369

The notes on pages 16 to 37 form an integral part of these financial statements.

Picksons Plc

Statement of Cash Flows for the Year Ended 30 June 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		263,203	279,304
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	87,773	74,996
Finance costs		55,848	50,344
Income tax expense	12	40,810	65,428
		447,634	470,072
Working capital adjustments			
Increase in stocks	16	(202,552)	(69,201)
Increase in trade debtors	17	(322,549)	(173,864)
Increase/(decrease) in trade creditors	20	8,906	(112,983)
Cash generated from operations		(68,561)	114,024
Income taxes paid	12	(61,684)	(34,664)
Net cash flow from operating activities		(130,245)	79,360
Cash flows from investing activities			
Acquisition of subsidiaries	15	-	(1)
Acquisitions of tangible assets		(353,996)	(123,861)
Proceeds from sale of tangible assets		3,000	-
Net cash flows from investing activities		(350,996)	(123,862)
Cash flows from financing activities			
Interest paid		(55,848)	(50,344)
Proceeds from bank borrowing draw downs		183,427	-
Repayment of bank borrowing		(10,262)	-
Proceeds from other borrowing draw downs		268,432	99,983
Dividends paid		-	(37,000)
Net cash flows from financing activities		385,749	12,639
Net decrease in cash and cash equivalents		(95,492)	(31,863)
Cash and cash equivalents at 1 July		46,139	78,002
Cash and cash equivalents at 30 June		(49,353)	46,139

The notes on pages 16 to 37 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of the company's registered office is:
Cotswold House
Quarry Road
Chipping Sodbury
Bristol
BS37 6AX
United Kingdom

These financial statements were authorised for issue by the Board on 19 December 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

No Profit and Loss Account is presented for the Company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial period of £269,042 (2016 - £279,304).

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2017.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Judgements

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there are any critical judgements or key sources of estimation uncertainty made in the process of applying the Group's accounting policies and the amounts recognised in the financial statements..

Revenue recognition
Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The Group recognises revenue when:
- the amount of revenue can be reliably measured;
- all of the significant risks and rewards of ownership have been transferred to the customer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership not effective control over the goods sold;
- the costs incurred or to be incurred can be measured reliably;
- it is probable that future economic benefits will flow to the entity; and
- and specific criteria have been met for each of the Group's activities.

Finance income and costs policy
Interest income and expenses are recognised using the effective interest rate method.

Foreign currency transactions and balances
Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Tax
The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS 102.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Goodwill
Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	***Amortisation method and rate***
Goodwill	20% straight line

Tangible assets
Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land	Nil
Freehold buildings	2% per annum
Leasehold property	Period of lease
Plant and machinery	Assets acquired pre 1 July 2016 at 25% reducing balance and assets acquired after at 25% straight line
Motor vehicles	Assets acquired pre 1 July 2016 at 25% reducing balance and assets acquired after at 25% straight line

Business combinations
Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Debtors
Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification, recognition and measurement
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the Group is presented as a liability in the Balance Sheet. The corresponding dividends relating to the liability component are charged as interest expense in the Profit and Loss Account.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2017 £	2016 £
Distribution revenues	15,563,273	14,162,490

The analysis of the group's turnover for the year by market is as follows:

	2017 £	2016 £
UK	15,563,273	14,162,490

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2017 £	2016 £
Rental income	9,600	9,600

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2017 £	2016 £
(Loss) on disposal of property, plant and equipment	(1,261)	(2,396)

6 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	225,104	178,030
Amortisation expense	109,904	109,904
Foreign exchange gains	(1,295)	(10,633)
Operating lease expense - property	91,635	77,333
Loss on disposal of property, plant and equipment	1,261	2,396

7 Other interest receivable and similar income

	2017 £	2016 £
Other finance income	-	818

8 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	15,051	14,079
Interest on obligations under finance leases and hire purchase contracts	-	4,185
Other finance costs	79,531	78,380
	94,582	96,644

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	2,802,933	2,446,270
Social security costs	257,312	220,480
Pension costs, defined contribution scheme	20,558	38,978
	3,080,803	2,705,728

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Administration and support	16	14
Distribution	108	96
	124	110

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	68,500	64,500
Contributions paid to money purchase schemes	-	20,000
	68,500	84,500

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2017 No.	2016 No.
Accruing benefits under money purchase pension scheme	2	2

Picksons Plc

Notes to the Financial Statements for the Year Ended 30 June 2017

11 Auditors' remuneration

	2017 £	2016 £
Audit of these financial statements	8,165	7,850
Audit of the financial statements of subsidiaries of the company pursuant to legislation	11,650	11,200
	19,815	19,050

	2017 £	2016 £
Other fees to auditors		
Taxation compliance services	500	350
All other assurance services	-	1,500
	500	1,850

12 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	131,288	165,617
UK corporation tax adjustment to prior periods	(2,600)	-
	128,688	165,617

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19.75% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	542,176	716,807
Corporation tax at standard rate	106,859	143,361
(Decrease) from effect of different UK tax rates	(535)	(824)
Effect of expense not deductible in determining taxable profit	5,647	5,455
Increase from tax losses for which no deferred tax asset was recognised	-	2,965
Adjustments in respect of prior years	(2,600)	-
Tax (decrease) from effect of capital allowances and depreciation	(5,686)	(7,240)
Tax increase arising from group relief	6,776	3,954
Other tax reconciling items between accounting profit and tax expense	18,227	17,946
Total tax charge	128,688	165,617

Deferred tax

Group

Deferred tax assets and liabilities

2017	**Liability £**
Capital allowances in excess of depreciation	18,471

2016	**Liability £**
Capital allowances in excess of depreciation	18,471

13 Intangible assets

Group

	Goodwill £	**Total £**
Cost		
At 1 July 2016	549,523	549,523
At 30 June 2017	549,523	549,523
Amortisation		
At 1 July 2016	211,972	211,972
Amortisation charge	109,904	109,904
At 30 June 2017	321,876	321,876
Carrying amount		
At 30 June 2017	227,647	227,647
At 30 June 2016	337,551	337,551

The amortisation of intangible assets is included in Administrative expenses in the Consolidated Profit and Loss Account.

Individually material intangible assets

Goodwill of Fleetwheel Limited

The carrying amount of this asset is £204,138 (2016 - £306,206) and the remaining amortisation period is 2 years (2016 - 3 years).

14 Tangible assets

Group

	Land and buildings £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost				
At 1 July 2016	868,739	518,216	917,987	2,304,942
Additions	248,195	204,515	140,273	592,983
Disposals	-	(84,790)	(23,223)	(108,013)
At 30 June 2017	1,116,934	637,941	1,035,037	2,789,912
Depreciation				
At 1 July 2016	49,991	293,752	649,132	992,875
Charge for the year	8,948	107,245	108,912	225,105
Eliminated on disposal	-	(70,769)	(20,223)	(90,992)
At 30 June 2017	58,939	330,228	737,821	1,126,988
Carrying amount				
At 30 June 2017	1,057,995	307,713	297,216	1,662,924
At 30 June 2016	818,748	224,464	268,855	1,312,067

Included within the net book value of land and buildings above is £439,852 (2016 - £194,438) in respect of freehold land and buildings and £618,143 (2016 - £624,310) in respect of long leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £	2016 £
Motor vehicles	230,732	149,920

Restriction on title and pledged as security

Motor vehicles with a carrying amount of £230,732 (2016 - £149,920) has been pledged as security for assets held under finance leases and hire purchase agreements.

Land and buildings with a carrying amount of £1,030,922 (2016 - £791,044) has been pledged as security for all bank loans.

Company

	Land and buildings £	Other property, plant and equipment £	Total £
Cost			
At 1 July 2016	31,939	615,286	647,225
Additions	248,195	105,801	353,996
Disposals	-	(23,223)	(23,223)
At 30 June 2017	280,134	697,864	977,998
Depreciation			
At 1 July 2016	4,235	402,999	407,234
Charge for the year	630	87,144	87,774
Eliminated on disposal	-	(20,223)	(20,223)
At 30 June 2017	4,865	469,920	474,785
Carrying amount			
At 30 June 2017	275,269	227,944	503,213
At 30 June 2016	27,704	212,287	239,991

Included within the net book value of land and buildings above is £248,195 (2016 - £Nil) in respect of freehold land and buildings, £27,074 (2016 - £27,704) in respect of long leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £	2016 £
Other property, plant and equipment	140,068	75,338

15 Investments

Company

	2017	2016
	£	£
Investments in subsidiaries	2,284,818	2,284,818

Subsidiaries	£
Cost	
At 1 July 2016	2,284,818
At 30 June 2017	2,284,818
Carrying amount	
At 30 June 2017	2,284,818
At 30 June 2016	2,284,818

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held 2017	2016
Subsidiary undertakings				
Fleetwheel Limited Cotswold House Quarry Road Chipping Sodbury Bristol BS37 6AX	England	Ordinary	76%	76%
CSD Friction Limited Cotswold House Quarry Road Chipping Sodbury Bristol BS37 6AX	England	Ordinary	100%	100%

The principal activity of Fleetwheel Limited is the provision of wholesale trade of motor vehicle parts and accessories.

The principal activity of CSD Friction Limited is the provision of wholesale trade of motor vehicle parts and accessories.

The profit for the financial period of Fleetwheel Limited was £340,047 and the aggregate amount of capital and reserves at the end of the period was £3,652,597.

The loss for the financial period of CSD Friction Limited was £89,463 and the aggregate amount of capital and reserves at the end of the period was £(134,324).

For the year ended 30 June 2017 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

CSD Friction Limited

16 Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Stocks	3,265,445	2,939,704	1,405,793	1,203,241

Group

The cost of stocks recognised as an expense in the year amounted to £10,117,372 (2016 - £9,400,328).

Impairment of stocks

The amount of impairment loss included in profit or loss is £409,159 (2016 - £387,223). The impairment loss is included in materials.

Company

The cost of stocks recognised as an expense in the year amounted to £4,153,568 (2016 - £3,553,699).

Impairment of stocks

The amount of impairment loss included in profit or loss is £201,442 (2016 - £175,184). The impairment loss is included in materials.

17 Debtors

	Note	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors		4,052,102	3,630,557	1,320,581	1,177,854
Amounts owed by related parties	28	-	-	372,222	113,000
Other debtors		31,450	-	600	80,000
Prepayments		87,250	65,965	9,750	9,750
Total current trade and other debtors		4,170,802	3,696,522	1,703,153	1,380,604

18 Current asset investments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other investments	5,000	5,000	5,000	5,000

Other investments relates to a 26% interest in Yate Town F.C Ltd, a company over which Picksons Plc lack significant influence in respect of operating and financial policies.

19 Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash on hand	2,052	2,200	2,000	2,000
Cash at bank	87,920	65,073	54	44,139
Short-term deposits	1,234	1,096	-	-
	91,206	68,369	2,054	46,139
Bank overdrafts	(51,407)	-	(51,407)	-
Cash and cash equivalents in statement of cash flows	39,799	68,369	(49,353)	46,139

20 Creditors

	Note	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Due within one year					
Loans and borrowings	25	2,364,521	2,008,781	1,197,991	887,644
Trade creditors		2,606,279	2,263,042	1,043,923	920,596
Amounts due to related parties	28	-	-	1,290,222	1,230,222
Social security and other taxes		255,059	248,230	80,412	94,605
Other payables		212,939	395,080	210,691	377,330
Accrued expenses		40,261	38,012	20,286	13,875
Income tax liability	12	131,692	165,612	44,554	65,428
		5,610,751	5,118,757	3,888,079	3,589,700
Due after one year					
Loans and borrowings	25	499,403	341,074	182,656	-

21 Deferred tax and other provisions

Group

	Deferred tax £	Total £
At 1 July 2016	18,471	18,471
At 30 June 2017	18,471	18,471

22 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £20,558 (2016 - £38,978).

23 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	279,000	279,000	279,000	279,000

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:
The ordinary shares have full voting rights and rights to dividends at the discretion of the directors.

24 Minority interests

The minority interests relate to:

Fleetwheel Limited

25 Loans and borrowings

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Non-current loans and borrowings				
Bank borrowings	420,182	319,940	141,814	-
Finance lease liabilities	79,221	21,134	40,842	-
	499,403	341,074	182,656	-

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Current loans and borrowings				
Bank borrowings	74,489	47,428	33,534	-
Bank overdrafts	51,407	-	51,407	-
Finance lease liabilities	112,100	118,313	71,366	83,443
Other borrowings	2,126,525	1,843,040	1,041,684	804,201
	2,364,521	2,008,781	1,197,991	887,644

Group

Bank borrowings

Bank loans are denominated in GBP with a nominal interest rate of 3.24% above base rate and the final instalment is due on 30 September 2019. The carrying amount at the year end is £494,671 (2016 - £358,634).

Bank loans are secured by a charge over the freehold land and buildings and the long leasehold land and buildings.

Bank overdrafts are denominated in GBP with a nominal interest rate of 6.17% and are repayable on demand. The carrying amount at the year end is £51,407 (2016 - £8,734).

Other borrowings

Finance lease and hire purchase liabilities with a carrying amount of £191,321 (2016 - £139,447) is denominated in GBP with a nominal interest rate of between 5% and 9%. The final instalment is due on 31 March 2020.

The finance lease and hire purchase liability is secured over the assets under the finance lease and hire purchase agreement.

The invoice discounting facility with a carrying amount of £1,929,716 (2016 - £1,783,052) is denominated in GBP with a nominal discount rate of between 2.25% and 2.5% and is repayable on demand.

The invoice discounting facility is secured against the trade debtors.

Directors' loan accounts with a carrying value of £196,809 (2016 - £59,988) is denominated in GBP are interest free and repayable on demand.

Company

Bank borrowings
Bank borrowing is denominated in GBP with a nominal interest rate of 7%, and the final instalment is due on 16 February 2022. The carrying amount at year end is £175,348 (2016 - £Nil).

Bank loans are secured by a charge over the freehold land and buildings and a floating charge over the assets of the company.

Other borrowings
Finance lease and hire purchase liabilities with a carrying amount of £71,366 (2016 - £83,443) is denominated in GBP with a nominal interest rate of between 5% and 9%. The final instalment is due on 31 March 2020.

The finance lease and hire purchase liability is secured over the assets under the finance lease and hire purchase agreement.

The invoice discounting facility with a carrying amount of £844,875 (2016 - £744,213) is denominated in GBP with a nominal discount rate of 2.25% and is repayable on demand.

The invoice discounting facility is secured against the trade debtors.

Directors' loan accounts with a carrying value of £196,809 (2016 - £59,988) is denominated in GBP are interest free and repayable on demand.

26 Obligations under leases and hire purchase contracts

Group

Finance leases and hire purchases
Obligations under finance leases and hire purchases are secured on the assets to which they relate.

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	112,100	118,313
Later than one year and not later than five years	79,221	21,134
	191,321	139,447

Operating leases
The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	87,000	84,000
Later than one year and not later than five years	128,584	185,583
Later than five years	81,000	82,500
	296,584	352,083

The amount of non-cancellable operating lease payments recognised as an expense during the year was £91,635 (2016 - £77,333).

Company

Finance leases and hire purchases
Obligations under finance leases and hire purchases are secured on the assets to which they relate.

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	71,366	83,443

27 Dividends

	2017 £	2016 £
Interim dividend of £Nil (2016 - £0.1326) per ordinary share	-	37,000

28 Related party transactions

Group

Key management personnel
Directors

Summary of transactions with key management
Key management compensation has been disclosed in note 10 Director's remuneration.

Summary of transactions with other related parties

The pension scheme of key management and an entity in which the group and key management have a controlling interest, but lack significant influence in respect of operating and financial policies.
During the year Picksons Plc bought services from the other related parties.

Expenditure with and payables to related parties

2017	Key management £	Other related parties £
Rendering of services	-	52,781
Leases	81,810	30,690
	81,810	83,471
Amounts payable to related party	-	3,990

2016	Key management £	Other related parties £
Rendering of services	-	49,500
Leases	79,910	33,590
Dividends	37,000	-
	116,910	83,090

Loans from related parties

2017	Key management £
At start of period	59,988
Advanced	136,821
At end of period	196,809

2016	Key management £
At start of period	38,520
Advanced	21,468
At end of period	59,988

Terms of loans from related parties
The loans from key management are interest free and repayable on demand.

Company

Key management personnel
Directors

Summary of transactions with key management
Key management compensation has been disclosed in note 10 Director's remuneration.

Summary of transactions with subsidiaries
Subsidiary companies
During the year Picksons Plc bought goods from and sold goods to subsidiary companies. The company also provided and received interest free loans which are repayable on demand.

Summary of transactions with other related parties
The pension scheme of key management and an entity in which the company and key management have a controlling interest, but lack significant influence in respect of operating and financial policies.
During the year Picksons Plc bought services from the other related parties.

Income and receivables from related parties

2017	Subsidiary £
Sale of goods	174,364
Receipt of services	200,000
	374,364
Amounts receivable from related party	45,777

2016	Subsidiary £
Sale of goods	169,058
Receipt of services	200,000
	369,058
Amounts receivable from related party	32,756

Expenditure with and payables to related parties

2017	Subsidiary £	Key management £	Other related parties £
Purchase of goods	213,768	-	-
Rendering of services	-	-	28,424
Leases	-	81,810	30,690
	213,768	81,810	59,114
Amounts payable to related party	32,281	-	519

2016	Subsidiary £	Key management £	Other related parties £
Purchase of goods	87,571	-	-
Rendering of services	-	-	49,500
Leases	-	79,910	33,590
Dividends	-	37,000	-
	87,571	116,910	83,090
Amounts payable to related party	13,054	-	-

Loans to related parties

2017	Subsidiary £
At start of period	113,000
Advanced	259,222
At end of period	372,222

Picksons Plc

Notes to the Financial Statements for the Year Ended 30 June 2017

Loans from related parties

2017	**Subsidiary** **£**	**Key management** **£**
At start of period	1,230,222	59,988
Advanced	60,000	136,821
At end of period	1,290,222	196,809

2016	**Subsidiary** **£**	**Key management** **£**
At start of period	1,230,222	38,520
Advanced	-	21,468
At end of period	1,230,222	59,988

Terms of loans from related parties

The loans from subsidiaries are interest free and repayable on demand.

The loans from key management are interest free and repayable on demand.