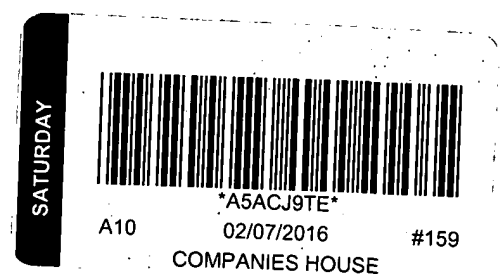


Registered number: 07107882

H.W. COATES (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



H.W. COATES (HOLDINGS) LIMITED

COMPANY INFORMATION

DIRECTORS

M H A Coates
G G Coates
T H Coates
G W Ball
R Perry
M G M Coates

COMPANY SECRETARY

R Morris

REGISTERED NUMBER

07107882

REGISTERED OFFICE

Ladywood House
Ladywood Works
Leicester Road
Lutterworth
Leicestershire
LE17 4HD

INDEPENDENT AUDITORS

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

H.W. COATES (HOLDINGS) LIMITED

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H.W. COATES (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report on the group for the year ended 31 December 2015.

BUSINESS REVIEW

The principal activity of the company is that of a holding company.

The group is principally engaged in warehousing and distribution. There has been no significant change in the group's activities during the year.

The group experienced a satisfactory year in 2015 which saw an increase in turnover in comparison to that reported in the previous year.

The Balance Sheet as at the year end continues to be strong.

The group's directors anticipate that financial performance of the group for the ensuing year will continue at a satisfactory level.

PRINCIPAL RISKS AND UNCERTAINTIES

It is the policy of the Board of Directors to review all financial risks of the group on an ongoing basis.

FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the group's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the business.

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



.....
M H A Coates
Director

Date: 18th May 2016

H.W. COATES (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group 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 satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Group 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 the Group 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 the Group 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 and minority interests, amounted to £9,845,890 (2014 - £4,980,175).

Particulars of dividends paid are detailed in note 12 to the financial statements.

DIRECTORS

The directors who served during the year were:

M H A Coates
G G Coates
T H Coates
G W Ball
R Perry
M G M Coates

FUTURE DEVELOPMENTS

An indication of likely future developments is included within the business review set out on page 1.

H.W. COATES (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The group's principal financial instruments comprise of cash, the main purpose of which is to provide finance for its normal trading operations and for future investment. The group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations. The main risks arising from the group's financial instruments are liquidity and credit risks. The group has clear policies for managing each of these risks, as summarised below.

Liquidity risk

The group aims to mitigate liquidity risk by managing cash generation by its operations and applying debtor collection targets.

Credit risk

The risk of financial loss due to counterparty's failure to honour its obligations arises principally in relation to transactions where the group provides goods or services on deferred credit terms. Group policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the group's exposure to bad debts is not significant.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the group has continued.

DISABLED EMPLOYEES

The group gives full consideration to applications from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

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 that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware; and
- that 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 and the Group's auditors are aware of that information.

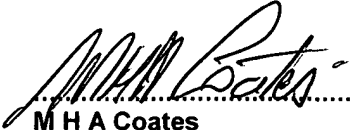
POST BALANCE SHEET EVENTS

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

H.W. COATES (HOLDINGS) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

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


.....
M H A Coates
Director

Date: 18TH May 2016

Ladywood House
Ladywood Works
Leicester Road
Lutterworth
Leicestershire
LE17 4HD

H.W. COATES (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF H.W. COATES (HOLDINGS) LIMITED

We have audited the financial statements of H.W. Coates (Holdings) Limited for the year ended 31 December 2015, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes. 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'.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

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 31 December 2015 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

H.W. COATES (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF H.W. COATES (HOLDINGS) LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept 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.



Robert Nelson BA FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre-Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Leicester
LE19 1RJ

Date: 30 / 5 / 16

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover		45,413,540	40,492,080
Cost of sales		(31,332,144)	(28,917,306)
Gross profit		14,081,396	11,574,774
Administrative expenses		(5,811,965)	(4,787,449)
Operating profit		8,269,431	6,787,325
Fair value movements		3,501,616	(398,688)
Interest receivable	8	90,798	77,480
Interest payable	9	(28,291)	(36,660)
Other finance expense		(191,000)	(118,000)
Profit before taxation		11,642,554	6,311,457
Tax on profit	11	(1,796,664)	(1,331,282)
Profit for the year		9,845,890	4,980,175
Other comprehensive income/(expenditure) for the year			
Actuarial gains/(losses) on defined benefit pension scheme		1,010,000	(2,654,000)
Movement of deferred tax relating to pension scheme		(202,000)	503,000
Other comprehensive income/(expenditure) for the year		808,000	(2,151,000)
Total comprehensive income for the year		10,653,890	2,829,175
Profit attributable to:			
Non-controlling interests		87,092	74,531
Owners of the parent Company		9,758,798	4,905,644
		9,845,890	4,980,175
Total comprehensive income attributable to:			
Non-controlling interest		87,092	74,531
Owners of the parent Company		10,566,798	2,754,644
		10,653,890	2,829,175

The notes on pages 15 to 43 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER:07107882

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	13	2,723,080	2,731,349
Tangible assets	15	37,288,371	37,574,492
Investment property	17	29,245,468	25,702,796
		<u>69,256,919</u>	<u>66,008,637</u>
Current assets			
Stocks	18	872,842	863,352
Debtors	19	9,622,946	9,638,788
Bank and cash balances		12,691,099	7,404,722
		<u>23,186,887</u>	<u>17,906,862</u>
Creditors: amounts falling due within one year	20	(11,027,669)	(7,081,298)
Net current assets		<u>12,159,218</u>	<u>10,825,564</u>
Total assets less current liabilities		<u>81,416,137</u>	<u>76,834,201</u>
Creditors: amounts falling due after more than one year	21	(900,000)	(900,000)
Provisions for liabilities			
Other provisions		-	(89,473)
		<u>-</u>	<u>(89,473)</u>
Net assets excluding pension liability		<u>80,516,137</u>	<u>75,844,728</u>
Pension liability	28	(4,705,000)	(5,497,000)
Net assets		<u><u>75,811,137</u></u>	<u><u>70,347,728</u></u>

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER:07107882

CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Capital and reserves			
Called up share capital	24	100	100
Revaluation reserve	25	12,088,886	8,587,270
Merger reserve	25	13,121,074	13,121,074
Profit and loss account	25	50,565,135	48,622,953
Equity attributable to owners of the parent Company		75,775,195	70,331,397
Non-controlling interests		35,942	16,331
Total equity		75,811,137	70,347,728

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


.....
M H A Coates

Director

18th May 2016

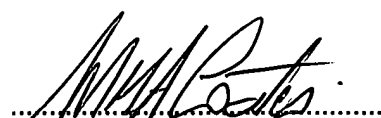
The notes on pages 15 to 43 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED
REGISTERED NUMBER:07107882

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	16	<u>1</u>	<u>1</u>
		1	1
Current assets			
Debtors	19	<u>5,099</u>	<u>5,099</u>
		<u>5,099</u>	<u>5,099</u>
Total assets less current liabilities		5,100	5,100
Net assets		<u>5,100</u>	<u>5,100</u>
Capital and reserves			
Called up share capital	24	<u>100</u>	<u>100</u>
Profit and loss account	25	<u>5,000</u>	<u>5,000</u>
		<u>5,100</u>	<u>5,100</u>

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



M H A Coates

Director

18th May 2016

The notes on pages 15 to 43 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital £	Revaluation reserve £	Merger reserve £	Retained earnings £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 January 2015	100	8,587,270	13,121,074	48,622,953	70,331,397	16,331	70,347,728
Comprehensive income for the year							
Profit for the year	-	-	-	9,758,798	9,758,798	87,092	9,845,890
Actuarial gains on pension scheme	-	-	-	808,000	808,000	-	808,000
Total comprehensive income for the year	-	-	-	10,566,798	10,566,798	87,092	10,653,890
Contributions by and distributions to owners							
Dividends: Equity capital	-	-	-	(5,123,000)	(5,123,000)	-	(5,123,000)
Transfer to/from profit and loss account	-	3,501,616	-	(3,501,616)	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	(67,911)	(67,911)
Arising on business combination	-	-	-	-	-	430	430
Total transactions with owners	-	3,501,616	-	(8,624,616)	(5,123,000)	(67,481)	(5,190,481)
At 31 December 2015	100	12,088,886	13,121,074	50,565,135	75,775,195	35,942	75,811,137

The notes on pages 15 to 43 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014

	Share capital £	Revaluation reserve £	Merger reserve £	Retained earnings £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 January 2014	100	8,941,977	13,121,074	46,731,602	68,794,753	16,199	68,810,952
Comprehensive income for the year							
Profit for the year	-	-	-	4,905,644	4,905,644	74,531	4,980,175
Actuarial losses on pension scheme	-	-	-	(2,151,000)	(2,151,000)	-	(2,151,000)
Total comprehensive income for the year	-	-	-	2,754,644	2,754,644	74,531	2,829,175
Contributions by and distributions to owners							
Dividends: Equity capital	-	-	-	(1,218,000)	(1,218,000)	-	(1,218,000)
Transfer to/from profit and loss account	-	(354,707)	-	354,707	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	(74,399)	(74,399)
Total transactions with owners	-	(354,707)	-	(863,293)	(1,218,000)	(74,399)	(1,292,399)
At 31 December 2014	100	8,587,270	13,121,074	48,622,953	70,331,397	16,331	70,347,728

The notes on pages 15 to 43 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	100	5,000	5,100
Comprehensive income for the year			
Profit for the year	-	5,123,000	5,123,000
Total comprehensive income for the year	-	5,123,000	5,123,000
Contributions by and distributions to owners			
Dividends: Equity capital	-	(5,123,000)	(5,123,000)
Total transactions with owners	-	(5,123,000)	(5,123,000)
At 31 December 2015	100	5,000	5,100

**COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2014	100	5,000	5,100
Comprehensive income for the year			
Profit for the year	-	1,218,000	1,218,000
Total comprehensive income for the year	-	1,218,000	1,218,000
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,218,000)	(1,218,000)
Total transactions with owners	-	(1,218,000)	(1,218,000)
At 31 December 2014	100	5,000	5,100

The notes on pages 15 to 43 form part of these financial statements.

H.W. COATES (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	9,845,890	4,980,175
Adjustments for:		
Amortisation of intangible assets	364,392	326,532
Depreciation of tangible assets	2,040,851	1,829,344
Profit on disposal of tangible assets	(100,367)	(471,470)
(Increase)/decrease in stocks	(7,894)	88,683
Interest paid	28,291	36,660
Interest received	(90,798)	(77,480)
Taxation charge in P&L	1,796,664	1,331,282
(Increase)/decrease in debtors	(135,127)	45,982
Increase/(decrease) in creditors	72,574	(20,904)
Increase in provisions	(89,473)	-
Increase in net pension liability	218,000	91,000
Fair value (gains)/losses recognised in P&L	(3,501,616)	398,688
Corporation tax paid	(1,367,567)	(1,341,472)
Net cash generated from operating activities	9,073,820	7,217,020
Cash flows from investing activities		
Purchase of subsidiary	(327,450)	(2,006,501)
Purchase of tangible fixed assets	(1,768,619)	(4,190,047)
Sale of tangible fixed assets	172,565	814,016
Purchase of investment properties	(41,056)	-
Interest received	90,798	77,480
Net cash from investing activities	(1,873,762)	(5,305,052)
Cash flows from financing activities		
Loans issued by/(repaid to) directors	3,305,521	(642,530)
Dividends paid	(5,123,000)	(1,218,000)
Interest paid	(28,291)	(36,660)
Dividends paid to non controlling interests	(67,911)	(74,399)
Net cash used in financing activities	(1,913,681)	(1,971,589)
Net increase / (decrease) in cash and cash equivalents	5,286,377	(59,621)
Cash and cash equivalents at beginning of year	7,404,722	7,464,343
Cash and cash equivalents at the end of year	12,691,099	7,404,722
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	12,691,099	7,404,722
	12,691,099	7,404,722

The notes on pages 15 to 43 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES

1.1 COMPANY INFORMATION

The entity is a members' limited liability company which is incorporated in the UK. The registered office is Ladywood House, Ladywood Works, Leicester Road, Lutterworth, Leicestershire, LE17 4HD.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention as modified by the recognition of investment properties at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

The group's functional and presentational currency is British Sterling (£).

These financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 January 2014.

Information on the impact of first-time adoption of FRS 102 is given in note 33.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of H.W. Coates (Holdings) Limited and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 OPERATING LEASE: LESSEE

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.6 OPERATING LEASE: LESSOR

Rentals received under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.7 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.8 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 the Group's share 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 Profit and Loss Account over its useful economic life.

Amortisation is provided on the following bases:

Goodwill	-	10% straight line per annum
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.9 TANGIBLE FIXED ASSETS

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	-	1% straight line per annum
Long leasehold property	-	over the life of the lease
Plant and equipment	-	10% straight line per annum
Motor vehicles	-	10% - 25% straight line per annum
Depot and office equipment	-	10% - 25% straight line per annum
Forklift trucks	-	14.3% - 20% straight line per annum

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 within 'administrative expenses' in the Profit and Loss Account.

1.10 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

1.11 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by the directors and derived using an average price per square foot on an existing use basis applied to the square footage areas of properties. These are adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and Loss Account.

1.12 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.

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

recognised immediately in profit or loss.

Amount is reduced to its selling price less costs to complete and sell. The impairment loss is at each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying

costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less

1.13 STOCKS

and loss account.

The specific asset. No depreciation is provided. Consider in full value are recognised in the profit and loss account. These are adjusted if necessary for any difference in the nature, location or condition of an asset since last reported. An asset is not an existing asset applied to the asset. The asset is stated at the lower of cost and net realisable value being the estimated selling price less

1.14 INVESTMENT PROPERTY

Investments in subsidiaries are measured at cost less accumulated impairment.

1.15 VALUATION OF INVESTMENTS

and are recognised within non-current assets, in the Profit and Loss Account.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount

reporting date.

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

Motor trucks	-	10% - 20% straight line per annum
Motor and office equipment	-	10% - 20% straight line per annum
Motor vehicles	-	10% - 20% straight line per annum
Plant and equipment	-	10% straight line per annum
Land (except property)	-	over the life of the lease
Freehold property	-	1% straight line per annum

Depreciation is provided on the following basis:

assets less their residual value over their estimated useful lives, using the straight-line method.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of

maintenance are charged to profit or loss during the period in which they are incurred.

revenue to the group. The carrying amount of the replaced part is depreciated. Repairs and maintenance are charged to profit or loss when the cost is incurred, if the replacement part is expected to provide incremental future economic benefits to the carrying amount of an item of fixed assets the cost of replacing part of such

condition necessary for it to be capable of operating in the manner intended by management.

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. Historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost less accumulated depreciation and any accumulated impairment losses.

1.16 TANGIBLE FIXED ASSETS

1.17 ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE FINANCIAL STATEMENTS

H/M COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.13 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.

1.14 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.

1.15 CREDITORS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.16 FINANCIAL INSTRUMENTS

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.17 PENSIONS

Defined contribution pension plan

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

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

Defined benefit pension plans

The Group also operates two defined benefit plans 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.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

1.18 DIVIDENDS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of intangible fixed assets

The directors consider that the useful economic life of the goodwill included within these financial statements cannot be reliably measured. As a result, the directors have adopted the maximum useful economic life allowed under FRS 102. See note 13 for the carrying amount of goodwill, and note 1.8 for the useful economic life.

(ii) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the tangible fixed assets, and note 1.9 for the useful economic lives for each class of assets.

(iii) Fair value of investment property

The fair value of the investment properties is sensitive to changes in the current market. The fair value adjustments have no effect on tax charges, dividends proposed or directors' remuneration and are therefore purely an accounting exercise to comply with FRS 102. In the opinion of the directors, fair value can be measured reliably by the directors and seeking an external professional valuation would incur significant undue costs.

As a result of the transition to FRS 102, the accounting policy for investment property changed from being valued at market value using a multiple of rents, to fair value using the above method. For details of the effects of this change, see note 33.

(iv) Defined benefit pension schemes valuation

The valuation for the company's two Defined Benefit Pension Schemes is recognised in the Balance Sheet as a liability. This is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. This is sensitive to change in the assumptions made by the actuaries who have been appointed to value the schemes. See note 28 for the assumptions made for the pension commitments, and note 1.17 for the pension accounting policies.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. ANALYSIS OF TURNOVER

An analysis of turnover by class of business is as follows:

	2015 £	2014 £
Sale of goods	3,009,223	2,910,805
Transport and warehouse services	37,226,173	32,579,000
Rent	4,774,668	4,672,405
Other	403,476	329,870
	<u>45,413,540</u>	<u>40,492,080</u>

All turnover arose within the United Kingdom.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	2,040,851	1,829,343
Profit on disposal of fixed assets	(100,367)	(471,470)
Amortisation of goodwill	364,392	326,531
Operating lease costs	664,011	403,282
Changes in fair value of investment property	<u>(3,501,616)</u>	<u>398,688</u>

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

5. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	5,725	5,500
	<u>5,725</u>	<u>5,500</u>
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of subsidiaries	18,650	15,000
Taxation compliance services	4,150	4,200
All other non-audit services not included above	13,700	12,200
	<u>36,500</u>	<u>31,400</u>
 Fees payable to the Group's auditor and its associates in connection with the Company's pension scheme(s) in respect of:		
	2015 £	2014 £
The auditing of accounts of associates of the schemes pursuant to legislation	6,100	5,900
	<u>6,100</u>	<u>5,900</u>

6. EMPLOYEES

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

	2015 £	2014 £
Wages and salaries	9,028,851	8,636,675
Social security costs	826,468	799,351
Pension costs	461,962	422,787
	<u>10,317,281</u>	<u>9,858,813</u>

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

	2015 No.	2014 No.
Drivers and warehouse	230	217
Managers and office staff	97	98
Working directors	6	6
Total	<u>333</u>	<u>321</u>

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

7. DIRECTORS' REMUNERATION

	2015 £	2014 £
Directors' emoluments	787,357	831,984
Company contributions to defined contribution pension schemes	47,526	45,411
	<u>834,883</u>	<u>877,395</u>

During the year retirement benefits were accruing to 3 directors (2014 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £324,164 (2014 - £332,946).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,688 (2014 - £30,201).

8. INTEREST RECEIVABLE

	2015 £	2014 £
Interest receivable	90,798	77,480
	<u>90,798</u>	<u>77,480</u>

9. INTEREST PAYABLE

	2015 £	2014 £
Other similar charges	3,549	312
Directors loan interest	24,742	36,348
	<u>28,291</u>	<u>36,660</u>

10. OTHER FINANCE EXPENSE

	2015 £	2014 £
Net interest on defined benefit pension schemes	191,000	118,000
	<u>191,000</u>	<u>118,000</u>

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. TAXATION

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	1,814,075	1,321,956
Adjustments in respect of previous periods	-	(38,274)
Total current tax	<u>1,814,075</u>	<u>1,283,682</u>
Deferred tax		
Origination and reversal of timing differences	26,589	65,600
Defined benefit pension scheme	(44,000)	(18,000)
Total deferred tax	<u>(17,411)</u>	<u>47,600</u>
Taxation on profit on ordinary activities	<u>1,796,664</u>	<u>1,331,282</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>11,642,554</u>	<u>6,311,457</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	2,357,617	1,356,963
Effects of:		
Non-tax deductible amortisation of goodwill	73,789	70,204
Expenses not deductible for tax purposes	(709,717)	97,862
Depreciation for year in excess of capital allowances	60,053	66,613
Utilisation of tax losses	-	(83,558)
Adjustments to tax charge in respect of prior periods	-	(38,274)
Effect of rate changes	(9,848)	(75,145)
Other differences leading to an increase (decrease) in the tax charge	24,795	(63,383)
Marginal relief	(25)	-
Total tax charge for the year	<u>1,796,664</u>	<u>1,331,282</u>

From 1 April 2015, the main rate of corporation tax in the UK decreased to 20%.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. TAXATION (continued)**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The group has capital losses, available to use against future capital gains, carried forward as at 31 December 2015 of £697,147 (2014 - £697,147).

12. DIVIDENDS

	2015 £	2014 £
Dividends paid on ordinary share capital	5,123,000	1,218,000
	<u>5,123,000</u>	<u>1,218,000</u>

13. INTANGIBLE ASSETS**Group**

	Positive goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2015	3,858,677	(669,969)	3,188,708
Additions	356,123	-	356,123
At 31 December 2015	<u>4,214,800</u>	<u>(669,969)</u>	<u>3,544,831</u>
Amortisation			
At 1 January 2015	730,327	(272,968)	457,359
Charge for the year	383,207	(18,815)	364,392
At 31 December 2015	<u>1,113,534</u>	<u>(291,783)</u>	<u>821,751</u>
Net book value			
At 31 December 2015	<u>3,101,266</u>	<u>(378,186)</u>	<u>2,723,080</u>
At 31 December 2014	<u>3,128,350</u>	<u>(397,001)</u>	<u>2,731,349</u>

14. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the Parent Company for the year was £5,123,000 (2014 - £1,218,000).

H.W. COATES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

15. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold property £	Plant and equipment £	Motor vehicles £	Depot and office equipment £	Forklift trucks £	Total £
Cost or valuation							
At 1 January 2015	30,874,814	2,865,555	4,930,765	7,853,487	207,099	2,432,046	49,163,766
Additions	305,334	-	553,145	774,266	27,074	108,800	1,768,619
Acquisition of subsidiary	4,553	-	32,035	21,590	131	-	58,309
Disposals	-	-	(533,681)	(883,123)	(22,003)	(167,158)	(1,605,965)
Transfers between classes	(1,360)	-	(14,177)	-	11,302	4,235	-
At 31 December 2015	31,183,341	2,865,555	4,968,087	7,766,220	223,603	2,377,923	49,384,729
Depreciation							
At 1 January 2015	3,065,824	462,684	2,045,034	4,595,652	11,098	1,408,982	11,589,274
Charge for the period	261,766	27,129	550,935	890,566	68,750	241,705	2,040,851
Disposals	-	-	(512,276)	(832,713)	(22,004)	(166,774)	(1,533,767)
Transfers between classes	(340)	-	(12,390)	-	9,042	3,688	-
At 31 December 2015	3,327,250	489,813	2,071,303	4,653,505	66,886	1,487,601	12,096,358
At 31 December 2015	27,856,091	2,375,742	2,896,784	3,112,715	156,717	890,322	37,288,371
At 31 December 2014	27,808,990	2,402,871	2,885,731	3,257,835	196,001	1,023,064	37,574,492

Land with a value of £5,485,049 (2014 - £5,485,049) is included in freehold property and is not depreciated.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

**16. FIXED ASSET INVESTMENTS
SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
H.W. Coates Limited	UK	Ordinary	100 %	warehousing and distribution
The Hazchem Network Limited	UK	Ordinary	84.05 %	pallet network specialising in chemical goods
C&V Data Management Services Limited	UK	Ordinary	90 %	document storage facilities
Cube Datastore Limited	UK	Ordinary	100 %	dormant
Whitefoot-Forward Limited	UK	Ordinary	100 %	dormant
L & R Storage Limited	UK	Ordinary	90 %	document storage facilities

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
H.W. Coates Limited	77,090,180	10,463,882
The Hazchem Network Limited	354,380	236,343
C&V Data Management Services Limited	(223,183)	480,897
Cube Datastore Limited	1	-
Whitefoot-Forward Limited	1	-
L & R Storage Limited	17,358	13,051
	77,238,737	11,194,173

Company

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2015	1
At 31 December 2015	1

H.W. COATES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

16. FIXED ASSET INVESTMENTS (continued)

The company acquired its shareholdings in the subsidiary and associated companies as part of a share-for-share transfer during a group reconstruction. The investment represents the nominal value of the shares issued at £0.00001 per share.

All the group companies prepare their accounts to 31 December in the current year and have been included in the consolidation. The Hazchem Network Limited No. 04970333, C&V Data Management Limited No. 04119487 and L & R Storage Limited No. 04350013 have taken exemption from audit under S479A of the Companies Act 2006. In accordance with this subsection, H.W. Coates (Holdings) Limited has given a guarantee as set out in S479C over the liabilities of all these companies.

17. INVESTMENT PROPERTY

Group

	Freehold investment property £
Valuation	
At 1 January 2015	25,702,796
Additions at cost	41,056
Surplus on revaluation	3,501,616
At 31 December 2015	29,245,468

Freehold investment properties were revalued to fair value as at 31 December 2015. The valuation was completed by the directors using an average price per square foot on an existing use basis applied to the square footage areas of properties. The average price per square foot was calculated using recent sale and purchase transactions and the directors knowledge of the current property market.

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

	2015 £	2014 £
Historic cost	17,175,099	17,134,043
	17,175,099	17,134,043

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

18. STOCKS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Finished goods and diesel	872,842	863,352	-	-
	872,842	863,352	-	-

Stock recognised in cost of sales during the year as an expense was £4,459,280 (2014 - £4,659,594).

19. DEBTORS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade debtors	7,117,289	7,363,366	-	-
Amounts owed by group undertakings	-	-	5,000	5,000
Other debtors	631,333	95,621	99	99
Prepayments and accrued income	1,064,331	1,177,139	-	-
Deferred taxation	809,993	1,002,662	-	-
	9,622,946	9,638,788	5,099	5,099

20. CREDITORS: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade creditors	1,468,004	1,865,367	-	-
Corporation tax	1,172,161	709,952	-	-
Taxation and social security	847,698	855,814	-	-
Other creditors	5,758,758	1,657,464	-	-
Accruals and deferred income	1,781,048	1,992,701	-	-
	11,027,669	7,081,298	-	-

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

21. CREDITORS: Amounts falling due after more than one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Other loans	900,000	900,000	-	-
	900,000	900,000	-	-

Included within creditors falling due after more than one year is an amount of £900,000 (2014 - £900,000) in respect of liabilities which fall due for payment after more than five years from the balance sheet date. No interest is charged on this loan.

22. FINANCIAL INSTRUMENTS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	7,748,622	7,458,987	5,099	5,099
	7,748,622	7,458,987	5,099	5,099
Financial liabilities				
Financial liabilities measured at amortised cost	(8,126,762)	(4,422,831)	-	-
	(8,126,762)	(4,422,831)	-	-

Group financial assets measured at amortised cost comprise trade debtors of £7,117,289 (2014 - £7,363,366) and other debtors of £631,333 (2014 - £95,621). Company financial assets measured at amortised cost comprise amounts owed by group of £5,000 (2014 - £5,000) and other debtors of £99 (2014 - £99).

Group financial liabilities measured at amortised cost comprise trade creditors of £1,468,004 (2014 - £1,865,367), other creditors of £5,758,758 (2014 - £1,657,464) and other loans of £900,000 (2014 - £900,000).

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. DEFERRED TAXATION

Group	Deferred tax £
At 1 January 2015	1,002,662
Charged to the profit or loss	17,411
Charged to other comprehensive income	(202,000)
Liability on acquisition	(8,080)
At 31 December 2015	809,993

The net reversal of the deferred tax asset expected to occur in the year to 31 December 2016 is £200,000. The deferred tax liability on accelerated capital allowances is expected to increase, largely due to the availability of Annual Investment Allowance in the UK. Tax losses are not expected to be utilised and other short term timing differences are expected to remain at a similar level to the current year. The deferred tax asset on defined benefit pensions is expected to reverse at a similar rate to that of this year as the company continues to reduce the pension liability.

The deferred tax asset is made up as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Accelerated capital allowances	(268,743)	(230,688)	-	-
Tax losses carried forward	139,429	139,429	-	-
Pension provision	940,653	1,098,767	-	-
Other short term timing differences	(1,346)	(4,846)	-	-
	809,993	1,002,662	-	-

24. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
10,000,000 Ordinary shares of £0.00001 each	100	100

Each ordinary share has equal voting and distribution rights, including repayment of capital in the event of winding up.

H.W. COATES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

25. RESERVES

Revaluation reserve

Includes all current and prior period revaluations of investment properties to fair value. Revaluations are recognised in profit or loss in the year they occur and are then transferred from the Profit and Loss Account to the Revaluation Reserve. Any amounts debited or credited to the revaluation reserve are not allowable as an expense or income for tax purposes. All amounts are non-distributable.

Merger Reserve

Includes all balances arising on previous business combinations which were accounted for using merger accounting. All amounts are non-distributable.

Profit and loss account

Includes all current and prior period retained profits and losses. All amounts are distributable.

26. BUSINESS COMBINATIONS

Acquisition of L & R Storage Limited:

90% of the share capital of L & R Storage Limited was acquired on 5 June 2015 and has been accounted for using the acquisition method.

	Fair value £
Tangible fixed assets	58,309
	<u>58,309</u>
Stock	1,596
Debtors	41,702
Cash at bank and in hand	32,550
Total assets	134,157
Creditors due within one year	(82,244)
Deferred tax on differences between fair value and tax bases	(8,080)
Creditors due in more than one year	(39,526)
Fair value of net assets	4,307
Non-controlling interests	(430)
Goodwill	356,123
Total purchase consideration	360,000
Purchase consideration settled in cash, as above	360,000
Cash and cash equivalents in subsidiary acquired	(32,550)
Cash outflow on acquisition	327,450

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

26. BUSINESS COMBINATIONS (continued)

On acquisition there were no adjustments to the book value of L & R Storage Limited's assets and liabilities to bring them in line with fair value.

The results of L & R Storage Limited since its acquisition are as follows:

	Current period since acquisition 2015 £
Turnover	198,371
Profit for the year	13,051

27. CAPITAL COMMITMENTS

At 31 December 2015 the Group and Company had capital commitments as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Contracted for but not provided in these financial statements	2,908,257	330,011	-	-
	2,908,257	330,011	-	-

28. PENSION COMMITMENTS

The group operates defined contribution stakeholder pension schemes.

The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £179,177 (2014 - £130,315). Contributions totalling £19,450 (2014 - £3,489) were payable to the funds at the balance sheet date.

The group operates two defined benefit pension schemes.

The schemes are UK-based and are closed to new entrants. The most recent full funding assessments were at 6 April 2012 for the Firmin Coates Limited Retirement Benefits Scheme and at 1 September 2012 for the H.W. Coates Limited Retirement Benefits Scheme. The method used to obtain the present value of scheme liabilities was an approximate conversion and update of the last full funding assessments.

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

28. PENSION COMMITMENTS (continued)

Reconciliation of present value of plan liabilities:

	2015 £	2014 £
At the beginning of the year	(24,684,000)	(21,613,000)
Current service cost	(385,000)	(335,000)
Interest expense	(877,000)	(978,000)
Actuarial gains/(losses)	1,243,000	(2,484,000)
Benefits paid	654,000	726,000
At the end of the year	(24,049,000)	(24,684,000)

Reconciliation of present value of plan assets:

	2015 £	2014 £
At the beginning of the year	19,187,000	18,861,000
Interest income	686,000	860,000
Actuarial losses	(233,000)	(170,000)
Contributions	358,000	362,000
Benefits paid	(654,000)	(726,000)
At the end of the year	19,344,000	19,187,000

Composition of plan assets:

	2015 %	2014 %
Equities (including property)	86	85
Bonds	11	10
Cash	3	5
Total plan assets	100	100

	2015 £	2014 £
Fair value of plan assets	19,344,000	19,187,000
Present value of plan liabilities	(24,049,000)	(24,684,000)
Net pension scheme liability	(4,705,000)	(5,497,000)

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. PENSION COMMITMENTS (continued)

The amounts recognised in profit or loss are as follows:

	2015 £	2014 £
Current service cost	385,000	335,000
Net interest expense	191,000	118,000
Total	576,000	453,000
Actual return on scheme assets	453,000	690,000
	453,000	690,000

The cumulative amount of actuarial losses recognised in the Profit and Loss Account was £5,902,000 (2014 - £6,912,000).

The group expects to contribute £994,000 to its defined benefit pension schemes in 2016.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2015	2014
Discount rate	3.90 %	3.60 %
Consumer price inflation	2.30 %	2.20 %
Future pension increases for pensions in payment	2.30 %	2.20 %
Future pension increases for deferred pensions	2.30 %	2.20 %

Assuming retirement at age 65, the life expectancies in years are as follows:

For a male aged 65 now	21.2	21.2
At 65 for a male aged 45 now	23.0	22.9
For a female aged 65 now	23.6	23.5
At 65 for a female aged 45 now	25.5	25.4

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

29. COMMITMENTS PAYABLE UNDER OPERATING LEASES

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Not later than 1 year	420,351	82,400	-	-
Later than 1 year and not later than 5 years	1,017,520	183,327	-	-
Later than 5 years	95,716	-	-	-
Total	1,533,587	265,727	-	-

30. COMMITMENTS RECEIVABLE UNDER OPERATING LEASES

At 31 December 2015 the Group and the Company had future minimum lease payments receivable under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Not later than 1 year	3,892,783	4,043,464	-	-
Later than 1 year and not later than 5 years	6,654,794	9,223,266	-	-
Later than 5 years	1,992,497	1,925,840	-	-
Total	12,540,074	15,192,570	-	-

31. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS 102 33.1A not to disclose transactions with wholly owned subsidiaries of the group.

Transactions and balances with related parties are as follows:

	2015 £	2014 £
Dividends paid to key management personnel	3,502,945	919,590
Loans due to key management personnel	4,184,481	878,861
Interest charged by key management personnel	13,364	21,831
Dividends paid to other related parties	1,620,055	298,410
Loans due to other related parties	1,524,272	733,404
Interest charged by other related parties	11,377	14,517

Total key management personnel compensation for the year was £877,756 (2014 - £925,237).

H.W. COATES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

32. CONTROLLING PARTY

The controlling parties are M H A Coates and G G Coates.

H.W. COATES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

33. FIRST TIME ADOPTION OF FRS 102

Group

		As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note							
Fixed assets	2,3	59,555,102	3,154,297	62,709,399	63,430,196	2,578,441	66,008,637
Current assets	4,5	16,588,968	566,033	17,155,001	16,904,200	1,002,662	17,906,862
Creditors: amounts falling due within one year		(7,401,448)	-	(7,401,448)	(7,081,298)	-	(7,081,298)
Net current assets		9,187,520	566,033	9,753,553	9,822,902	1,002,662	10,825,564
Total assets less current liabilities		68,742,622	3,720,330	72,462,952	73,253,098	3,581,103	76,834,201
Creditors: amounts falling due after more than one year		(900,000)	-	(900,000)	(900,000)	-	(900,000)
Provisions for liabilities	4,5	(2,185,967)	(566,033)	(2,752,000)	(4,583,811)	(1,002,662)	(5,586,473)
Net assets		65,656,655	3,154,297	68,810,952	67,769,287	2,578,441	70,347,728
Capital and reserves	2,3	65,656,655	3,154,297	68,810,952	67,769,287	2,578,441	70,347,728

H.W. COATES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

33. FIRST TIME ADOPTION OF FRS 102 (continued)

		As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
	Note			
Turnover		40,492,080	-	40,492,080
Cost of sales		(28,917,306)	-	(28,917,306)
		<u>11,574,774</u>	<u>-</u>	<u>11,574,774</u>
Administrative expenses	2,3	(4,610,281)	(177,168)	(4,787,449)
Operating profit		6,964,493	(177,168)	6,787,325
Fair value movements	3	-	(398,688)	(398,688)
Interest receivable		77,480	-	77,480
Interest payable		(36,660)	-	(36,660)
Other finance income/(expense)	1	131,000	(249,000)	(118,000)
Taxation	1	(1,381,282)	50,000	(1,331,282)
Profit on ordinary activities after taxation and for the financial year		<u>5,755,031</u>	<u>(774,856)</u>	<u>4,980,175</u>

Explanation of changes to previously reported profit and equity:

- 1 Defined benefit pension scheme - Under FRS 102 the discount rate is now applied to the net liability and therefore the net finance expense recognised in the Profit and Loss Account has increased by £249,000. The deferred tax movement on this adjustment has resulted in a reduction in the tax expense of £50,000. Equity as at 31 December 2014 was not affected by these adjustments.
- 2 On transition the useful economic life of goodwill was restated to 10 years from 20 years. Additional amortisation of £154,668 was recognised in 2014.
- 3 Investment properties restated to fair value at transition increasing value by £3,154,297 which was taken to the Profit and Loss Account. Investment properties restated to fair value as at 31 December 2014 which resulted in a decrease in value of £398,688 which was taken directly to the Profit and Loss Account. An investment property was disposed of in 2014 which had been revalued to fair value on transition, reducing the profit on disposal in 2014 by £22,500.
- 4 Deferred tax on the defined benefit pension scheme is no longer recognised within the defined benefit pension provision. This resulted in £578,000 deferred tax asset moving from provisions to current assets at 1 January 2014 and £1,099,000 at 31 December 2014.
- 5 As the deferred tax asset relating to the pension scheme is now recognised separately, net deferred tax is an asset. The deferred tax liability relating to other timing differences, which amounts to £11,967 as at 1 January 2014 and £96,338 at 31 December 2014, has therefore been transferred from provisions to current assets.

H.W. COATES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

33. FIRST TIME ADOPTION OF FRS 102 (continued)

Company

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	1	-	1	1	-	1
Current assets	5,099	-	5,099	5,099	-	5,099
Net current assets	5,099	-	5,099	5,099	-	5,099
Total assets less current liabilities	5,100	-	5,100	5,100	-	5,100
Net assets	5,100	-	5,100	5,100	-	5,100
Capital and reserves	5,100	-	5,100	5,100	-	5,100

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33. FIRST TIME ADOPTION OF FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Operating profit	-	-	-
Income from investments	1,218,000	-	1,218,000
Profit on ordinary activities after taxation and for the financial year	1,218,000	-	1,218,000