
SHEPPY INDUSTRIES LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MAY 2017

SHEPPY INDUSTRIES LIMITED

COMPANY INFORMATION

Directors	C K Stevens M Stevens W R Stevens P A Catmur
Registered number	00023715
Registered office	Rushenden Road Queenborough Kent ME11 5HH
Accountants	Crossley Financial Accounting Chartered Accountants Star House Star Hill Rochester Kent ME1 1UX

SHEPPY INDUSTRIES LIMITED

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SHEPPY INDUSTRIES LIMITED
REGISTERED NUMBER: 00023715

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	4	1,918	-
Investment in subsidiary	5	-	-
Investment property	6	3,094,150	2,923,827
		<u>3,096,068</u>	<u>2,923,827</u>
Current assets			
Debtors: amounts falling due within one year	7	2,696,300	2,430,664
Cash at bank and in hand	8	(65,430)	164,854
		<u>2,630,870</u>	<u>2,595,518</u>
Creditors: amounts falling due within one year	9	(444,686)	(517,832)
Net current assets		<u>2,186,184</u>	<u>2,077,686</u>
Total assets less current liabilities		<u>5,282,252</u>	<u>5,001,513</u>
Creditors: amounts falling due after more than one year	10	(733,233)	(858,644)
Provisions for liabilities			
Deferred tax	12	(34,893)	(14,642)
		<u>(34,893)</u>	<u>(14,642)</u>
Net assets		<u><u>4,514,126</u></u>	<u><u>4,128,227</u></u>

SHEPPY INDUSTRIES LIMITED
REGISTERED NUMBER: 00023715

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MAY 2017

	2017	2016
Note	£	£
Capital and reserves		
Called up share capital	97,200	97,200
Share premium account	218,700	218,700
Non distributable reserve	256,484	71,485
Profit and loss account	3,941,742	3,740,842
	<u>4,514,126</u>	<u>4,128,227</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 February 2018.

C K Stevens

Director

The notes on pages 3 to 14 form part of these financial statements.

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

1. General information

Sheppy Industries Limited is a private company, limited by shares, domiciled in England and Wales. The registered office is Rushenden Road, Queenborough, Kent, ME11 5HH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements for the year ended 31 May 2017 are the first financial statements that comply with FRS 102 Section 1A small entities. The date of transition is 1 June 2015.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

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 Company 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.

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

2. Accounting policies (continued)

2.3 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Motor vehicles	- 25% reducing balance
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

2.4 Investment property

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

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2. Accounting policies (continued)

2.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other 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 debtors and creditors, 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 out-right 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 Statement of comprehensive income.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

2.7 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

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

2. Accounting policies (continued)

2.8 Current and deferred taxation

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

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

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

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

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

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Employees

The average monthly number of employees, including directors, during the year was 1 (2016 - 1).

SHEPPY INDUSTRIES LIMITED

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

4. Tangible fixed assets

	Motor vehicles
	£
Cost or valuation	
Additions	2,000
	<hr/>
At 31 May 2017	2,000
	<hr/>
Depreciation	
Charge for the year on owned assets	82
	<hr/>
At 31 May 2017	82
	<hr/>
Net book value	
At 31 May 2017	1,918
	<hr/> <hr/>
<i>At 31 May 2016</i>	<hr/> <hr/> -

SHEPPY INDUSTRIES LIMITED

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

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 June 2016	243,000
	<hr/>
At 31 May 2017	243,000
	<hr/>
Impairment	
At 1 June 2016	243,000
	<hr/>
At 31 May 2017	243,000
	<hr/>
	<hr/>
At 31 May 2017	-
	<hr/>
At 31 May 2016	<hr/> - <hr/>

SHEPPY INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

6. Investment property

	Freehold investment property £	Property held for develop-ment £	Total £
Valuation			
At 1 June 2016	2,178,827	745,000	2,923,827
Additions at cost	19,150	-	19,150
Disposals	-	(54,077)	(54,077)
Fair value movement	110,173	95,077	205,250
At 31 May 2017	2,308,150	786,000	3,094,150

The 2017 valuations were made by the director, on an open market value for existing use basis.

SHEPPY INDUSTRIES LIMITED

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

7. Debtors

	2017 £	2016 £
Trade debtors	22,156	12,168
Amounts owed by group undertakings	2,637,248	2,382,805
Other debtors	36,896	35,691
	<u>2,696,300</u>	<u>2,430,664</u>

8. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	(65,430)	164,854
	<u>(65,430)</u>	<u>164,854</u>

9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	125,413	125,413
Trade creditors	15,421	20,049
Corporation tax	20,097	70,699
Other taxation and social security	2,515	2,236
Other creditors	79,057	97,636
Accruals and deferred income	202,183	201,799
	<u>444,686</u>	<u>517,832</u>

SHEPPY INDUSTRIES LIMITED

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

10. Creditors: Amounts falling due after more than one year

	2017	<i>2016</i>
	£	£
Bank loans	733,233	<i>858,644</i>
	<hr/>	<hr/>
	<u>733,233</u>	<i><u>858,644</u></i>

Secured loans

The bank loans and overdraft are secured on the properties held within the Sheppy group of companies.

There is an unlimited cross guarantee in place with the bank between the company and Sheppy Limited and Montash Properties Limited.

National Westminster Bank Plc hold a charge over the chargee on any account whatsoever.

SHEPPY INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

11. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	125,413	125,413
	<u>125,413</u>	<u>125,413</u>
Amounts falling due 1-2 years		
Bank loans	125,413	858,644
	<u>125,413</u>	<u>858,644</u>
Amounts falling due 2-5 years		
Bank loans	376,239	-
	<u>376,239</u>	<u>-</u>
Amounts falling due after more than 5 years		
Bank loans	231,579	-
	<u>231,579</u>	<u>-</u>
	<u>858,644</u>	<u>984,057</u>

12. Deferred taxation

	2017 £
At beginning of year	14,642
Charged to profit or loss	20,251
At end of year	<u><u>34,893</u></u>

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

12. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017 £
Fair value adjustment - Investment properties	34,893
	<u>34,893</u>

13. Contingent liabilities

Sheppy Industries Limited has entered into an unlimited cross guarantee in respect of the bank facilities of the group.

The potential liability in respect of the guarantee given over the group borrowings as at 31 May 2017 was £858,644 (2016 - £984,057).

14. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £25 (2016 - £Nil).

15. Related party transactions

During the year under review, the following transactions took place with the entities with which the company has control over;

Loans made to the entities of £501,937 (2016 - £443,263)

Loans from from the entities of £124,092 (2016 - £12,728)

Rationalisation of £131,904

As at 31 May 2017 £1,631,686 (2016 - £1,385,745) was due from the entity.

During the year under review, the following transactions took place with the directors of the company;

Interest charged to the company of £6,719 (2016 - £7,723)

Repayments to the directors of £22,545 (2016 - £12,728)

As at 31 May 2017, £75,710 (2016 £91,536) was due to the directors.

16. Controlling party

During the year under review, the ultimate parent undertaking was Sheppy Limited, a company incorporated in England and Wales.

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

17. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 June 2015. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 June 2015

	Note	£
Equity at 1 June 2015 under previous UK GAAP		3,666,481
Deferred tax on fair value of investment property		(14,642)
		<u>3,651,839</u>
Equity shareholders funds at 1 June 2015 under FRS 102		<u>3,651,839</u>

Reconciliation of equity at 31 May 2016

	Note	£
Equity at 31 May 2016 under previous UK GAAP		4,142,869
Deferred tax on fair value of investment property		(14,642)
		<u>4,128,227</u>
Equity shareholders funds at 31 May 2016 under FRS 102		<u>4,128,227</u>

Reconciliation of profit and loss account for the year ended 31 May 2016

	£
Profit for the year under previous UK GAAP	476,338
	<u>476,338</u>
Profit for the year ended 31 May 2016 under FRS 102	<u>476,338</u>

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 FRS 102 requires that deferred tax be recognised on revaluations of investment property to fair value. This was not required under previous UK GAAP. This change has been retrospectively applied, leading to the recognition of additional deferred tax liabilities and an increase in the deferred tax charge for the year ended 31 May 2015.