

SMITH BRADBEER & COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2015

Company Registration Number 00036724

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SMITH BRADBEER & COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2015

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SMITH BRADBEER & COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 JANUARY 2015

The board of directors

A E Davies
P L Davies
G J Davies
Mrs S M Robinson
R G Davies
J A Davies

Company secretary

G J Davies

Business address

14-20 Bell Street
Romsey
Hampshire
SO51 8ZE

Registered office

14-20 Bell Street
Romsey
Hampshire
SO51 8ZE

Auditor

RSM UK Audit LLP
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Accountants

RSM UK Tax and Accounting Limited
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Bankers

Lloyds Bank Plc
6 Market Place
Romsey
Hampshire
SO51 8YS

SMITH BRADBEER & COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS *(continued)*
YEAR ENDED 31 JANUARY 2015

Solicitors

Marriott Harrison
Staple Court
11 Staple Inn Buildings
London
WC1V 7QH

SMITH BRADBEER & COMPANY LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 JANUARY 2015

Principal activities and business review

The principal activity of the company continued to be that of the operation of retail department stores, removals and furniture rentals.

The company has performed reasonably well during the year. Turnover has reduced marginally by £302,453 and the profit before tax (before exceptional items) has decreased by £59,667 due to control over overheads.

The directors are very pleased with the results for year bearing in mind the market conditions.

The business is long established in three towns and so we see our risk as limited but we are not complacent. We believe the quality of our products combined with high levels of customer service will attract and retain new customers that will minimise this risk.

Future developments

The company's newest store at Hedge End generated a profit in the year and increased profitability is forecast for the forthcoming year.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds; and
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Hedge accounting is not used by the company.

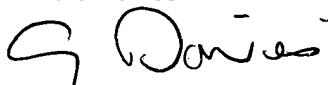
As all the companies surplus funds are invested in sterling bank deposit accounts and its borrowings are all obtained from standard bank loan accounts there is no interest risk exposure.

The company's surplus funds are held primarily in short term variable rate deposit accounts with reputable UK banks. The directors believe that this gives them the flexibility to release cash resources at short notice.

Interest on the company's borrowings is charged at a variable rate, as per note 16 to the financial statements, however interest rate swaps to fix interest rates have been entered as per note 23, thereby eliminating any cash flow risk associated with changing interest payments. The directors believe the loss of ability to take advantage of falls in interest rates is more than offset by the certainty of knowing their financial commitments when managing the company's trading activities.

Signed on behalf of the directors

G J Davies



Director

Approved by the directors on 29-10-15

SMITH BRADBEER & COMPANY LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2015

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

Results and dividends

The profit for the year, after taxation and exceptional item, amounted to £324,888. Particulars of dividends paid are detailed in note 10 to the financial statements.

Market value of land and buildings

In the opinion of the directors the land and buildings, including the investment property, are included in the accounts at existing use value or open market value as appropriate. The land and buildings have professionally valued as per note 11 to the financial statements.

Directors

The directors who served the company during the year were as follows:

A E Davies
P L Davies
G J Davies
Mrs S M Robinson
R G Davies
J A Davies

Under the company's articles of association the directors are not required to retire by rotation.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

SMITH BRADBEER & COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2015

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Donations

During the year the company made the following contributions:

	2015 £	2014 £
Charitable	<u>106,357</u>	<u>50,000</u>


Strategic report

In accordance with section 414C(11) of the Companies Act 2006, information in respect of business activities, risks and uncertainties and future developments of the business have been included within the strategic report on page 3.

Auditor

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Signed on behalf of the directors



G J Davies

Director

Approved by the directors on 29-10-15

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITH BRADBEER & COMPANY LIMITED

We have audited the financial statements on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SMITH BRADBEER & COMPANY LIMITED (CONTINUED)**

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

MICHAELA JOHNS, Senior Statutory Auditor
For and on behalf of



RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP), Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

30 October 2015

SMITH BRADBEER & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 2015

	Note	2015 £	2014 £
Turnover	2	15,459,195	15,761,648
Cost of sales		(9,272,771)	(9,456,855)
Gross profit		<u>6,186,424</u>	<u>6,304,793</u>
Administrative expenses (including exceptional items of £573,386)		(5,934,384)	(5,393,110)
Other operating income	3	701,607	673,103
Operating profit	4	<u>953,647</u>	<u>1,584,786</u>
Attributable to:			
Operating profit before exceptional items		1,527,033	1,584,786
Exceptional items	4	(573,386)	-
		<u>953,647</u>	<u>1,584,786</u>
Interest receivable	7	508	24,833
Interest payable and similar charges	8	(347,640)	(370,051)
Profit on ordinary activities before taxation		<u>606,515</u>	<u>1,239,568</u>
Tax on profit on ordinary activities	9	(281,627)	(331,160)
Profit for the financial year		<u><u>324,888</u></u>	<u><u>908,408</u></u>

All of the activities of the company are classed as continuing.

The notes on pages 12 to 26 form part of these financial statements.

SMITH BRADBEER & COMPANY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 JANUARY 2015

	2015 £	2014 £
Profit for the financial year		
Attributable to the shareholders	324,888	908,408
Unrealised profit on revaluation of certain fixed assets	515,959	—
Total gains and losses recognised since the last annual report	<u>840,847</u>	<u>908,408</u>

Note of historical cost profits and losses

	2015 £	2014 £
Reported profit on ordinary activities before taxation	606,515	1,239,568
Difference between a historical cost Depreciation charge and the actual Charge calculated on the revalued amount	24,092	24,105
Historical cost profit on ordinary activities before taxation	<u>630,607</u>	<u>1,263,673</u>
Historical cost profit for the year After taxation	<u>348,980</u>	<u>932,513</u>

The notes on pages 12 to 26 form part of these financial statements.

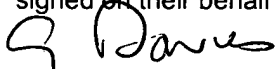
SMITH BRADBEER & COMPANY LIMITED

Registered Number 00036724

BALANCE SHEET**31 JANUARY 2015**

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	11	17,111,632	16,636,535
Investments	12	10,000	10,000
		<u>17,121,632</u>	<u>16,646,535</u>
Current assets			
Stocks	13	2,233,451	2,380,675
Debtors due within one year	14	436,887	570,484
Debtors due after one year	14	2,163,276	1,989,276
Cash at bank and in hand		331,896	23,004
		<u>5,165,510</u>	<u>4,963,439</u>
Creditors: Amounts falling due within one year	15	<u>(4,553,492)</u>	<u>(3,856,101)</u>
Net current assets		612,018	1,107,338
Total assets less current liabilities		<u>17,733,650</u>	<u>17,753,873</u>
Creditors: Amounts falling due after more than one year	16	(6,092,686)	(6,542,836)
Provisions for liabilities			
Deferred taxation	19	(191,100)	(168,072)
		<u>11,449,864</u>	<u>11,042,965</u>
Capital and reserves			
Called-up share capital	24	66,667	66,667
Revaluation reserve	25	4,630,460	4,138,592
Capital redemption reserve	25	40,877	40,877
Profit and loss account	25	6,711,860	6,796,829
Shareholders' funds	26	<u>11,449,864</u>	<u>11,042,965</u>

These accounts were approved by the directors and authorised for issue on 29-10-15 and are signed on their behalf by:


G J Davies
Director

The notes on pages 12 to 26 form part of these financial statements.

SMITH BRADBEER & COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 JANUARY 2015

		2015		2014	
	Note	£	£	£	£
Net cash inflow from operating activities	27		2,046,422		2,254,630
Returns on investments and Servicing of finance					
Income from related undertakings		—		24,333	
Interest received		508		3,526	
Interest paid		(300,655)		(324,247)	
Interest element of hire purchase		(2,985)		(1,804)	
Dividends on shares classed as financial liabilities		<u>(44,000)</u>		<u>(44,000)</u>	
Net cash outflow from returns on investments and servicing of finance			(347,132)		(342,192)
Taxation			(318,500)		(180,782)
Capital expenditure					
Payments to acquire tangible fixed assets		(208,159)		(186,466)	
Receipts from sale of fixed assets		<u>140,000</u>		<u>—</u>	
Net cash outflow from capital expenditure			(68,159)		(186,466)
Equity dividends paid			(433,948)		(399,902)
Cash inflow before financing			<u>878,683</u>		<u>1,145,288</u>
Financing					
Repayment of bank loans		(527,623)		(528,559)	
Capital element of hire purchase		(29,852)		(31,085)	
Repayment of directors' long-term loans		<u>—</u>		<u>(105,000)</u>	
Net cash outflow from financing			(557,475)		(664,644)
Increase in cash	27		<u><u>321,208</u></u>		<u><u>480,644</u></u>

The notes on pages 12 to 26 form part of these financial statements.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2015

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The going concern basis of accounting has been applied. The directors have considered the exceptional item relating to the Employee Benefit Trust (EBT) settlement disclosed within other creditors in note 15 to the financial statements and have prepared and reviewed future cash flow projections and are satisfied that the company will generate sufficient cash flows to meet its obligations as they fall due. There are no other material uncertainties related to events that may cast significant doubt about the ability of the company to continue as a going concern and so this basis of accounting is considered to be appropriate.

Turnover

Turnover represents amounts receivable from sales in the two department stores, two furniture stores and services rendered for furniture removals, exclusive of VAT and trade discounts.

Income from furniture sales is recognised at the point of delivery, exclusive of VAT and trade discounts.

Rental income is received and recognised in the quarter to which it relates. Any rental income received in advance is deferred to the period to which it related.

Storage rental income is received and recognised in the quarter to which it relates.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold property	- 2% straight line
Leasehold property	- 2% straight line or over lease term if shorter
Plant, machinery & motor vehicles	- 15%-25% reducing balance/straight line
Fixtures & fittings	- 12.5% - 25% straight line/reducing balance

Tangible fixed assets are stated at cost, being purchase price or valuation, less accumulated depreciation.

Freehold property had been included in the accounts at valuation. Freehold land is not depreciated. A revaluation of the freehold property has been processed during 2015.

Investment properties are included in the balance sheet at their open market value and are not depreciated. A revaluation of the freehold property has been processed during 2015.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2015

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investments

Investments held as fixed assets are stated at cost, being purchase price, less provision for any impairment in value.

Stock

Stock is valued at the lower of cost, being purchase price, and net realisable value. Provisions have been raised against stock lines where necessary. Stock included in the accounts consists of the goods sold by the department stores and the goods that are rented in the furniture rental division.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution 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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2015

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Employee benefit trusts

The company has established trusts for the benefit of employees and certain of their dependents. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

An analysis of turnover is given below:

	2015	2014
	£	£
Retail stores	14,877,274	15,110,988
Removals, future rentals and storage income	581,921	650,660
	<u>15,459,195</u>	<u>15,761,648</u>

3. Other operating income

	2015	2014
	£	£
Rent receivable	<u>701,607</u>	<u>673,103</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2015

4. Operating profit

Operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of owned fixed assets	192,779	205,186
Depreciation of assets held under hire purchase agreements	20,803	18,123
Profit on disposal of fixed assets	(5,568)	-
Operating lease costs:		
-Other	473,469	467,740
Auditor's remuneration - audit of the financial statements	16,500	10,000
Auditor's remuneration - other fees	16,025	19,000
Exceptional item included within admin expenses	<u>573,386</u>	<u>-</u>

In previous years the company made investments into Employee Benefit Trusts (EBT). These investments have generated PAYE liabilities. During the year, the UK government issued retrospective legislation which applies to these investments and which requires users to make a payment of any potential tax saved by the use of such planning pending clarification of the law by courts. After the year end, the settlement was agreed at £573,386. This is the amount that has been provided for in this year's financial statements as an exceptional cost shown within admin expenses.

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2015	2014
	No	No
Directors	6	6
Office and management	16	12
Sales assistants/removals	179	185
	<u>201</u>	<u>203</u>

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	2,756,045	2,720,786
Social security costs	182,879	187,708
Other pension costs	12,336	5,160
	<u>2,951,260</u>	<u>2,913,654</u>

In addition to the employees disclosed above, there were also 41 (2014 - 37) concession staff working within the department stores. These staff are not employed by Smith Bradbeer & Company Limited.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2015

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Aggregate remuneration	<u>95,872</u>	<u>95,110</u>

Further directors' remuneration is included within note 4 with regards to the Employee Benefit Trust (EBT).

7. Interest receivable

	2015	2014
	£	£
Bank interest receivable	8	—
Other interest	500	500
Interest from group undertakings	—	24,333
	<u>508</u>	<u>24,833</u>

8. Interest payable and similar charges

	2015	2014
	£	£
Interest payable on bank borrowing	244,244	277,624
Finance charges	2,985	1,804
Other similar charges payable	100,411	90,623
	<u>347,640</u>	<u>370,051</u>

9. Taxation on ordinary activities

(a) Analysis of charge in the year

	2015		2014
	£	£	£
UK Corporation tax	258,599		299,083
(Over) provision in prior year	—		(5,703)
	<u>258,599</u>		<u>293,380</u>
Deferred tax:			
Origination and reversal of timing differences	<u>23,028</u>		<u>37,780</u>
Total deferred tax (note 19)	<u>23,028</u>		<u>37,780</u>
Tax on profit on ordinary activities	<u>281,627</u>		<u>331,160</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2015

9. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed for the year is higher than the standard rate of corporation tax of 20.74% (2014 – 23.16%). The differences are explained below

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>606,515</u>	<u>1,239,568</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.74% (2014 – 23.16%)	125,791	287,084
Effects of:		
Expenses not deductible for tax purposes	13,204	10,192
Capital allowances for period in excess of depreciation	1,765	3,368
Adjustments to tax charge in respect of previous periods	-	(5,703)
Sundry tax adjusting items	(1,081)	(1,561)
Exceptional item	118,920	-
Total current tax (note 9(a))	<u>258,599</u>	<u>293,380</u>

10. Dividends

Equity dividends

	2015 £	2014 £
Paid during the year:		
Equity dividends on ordinary shares	<u>433,948</u>	<u>399,902</u>
Dividends on preference shares	<u>44,000</u>	<u>44,000</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2015

11. Tangible fixed assets

	Freehold Property £	Long Leasehold Property £	Investment properties £	Plant, machinery & motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 Feb 2014	5,239,870	400,332	11,037,112	587,421	1,858,201	19,122,936
Additions	72,562	–	84,915	86,427	63,248	307,152
Disposals	(145,947)	–	–	–	–	(145,947)
Revaluation	(314,996)	–	427,973	–	–	112,977
At 31 Jan 2015	<u>4,851,489</u>	<u>400,332</u>	<u>11,550,000</u>	<u>673,848</u>	<u>1,921,449</u>	<u>19,397,118</u>
Depreciation						
At 1 Feb 2014	298,598	93,528	–	476,195	1,618,080	2,486,401
Charge for the year	98,031	20,667	–	33,854	61,030	213,582
On disposals	(11,515)	–	–	–	–	(11,515)
Revaluation adjustment	(384,982)	(18,000)	–	–	–	(402,982)
At 31 Jan 2015	<u>132</u>	<u>96,195</u>	<u>–</u>	<u>510,049</u>	<u>1,679,110</u>	<u>2,285,486</u>
Net book value						
At 31 Jan 2015	<u>4,851,357</u>	<u>304,137</u>	<u>11,550,000</u>	<u>163,799</u>	<u>242,339</u>	<u>17,111,632</u>
At 31 Jan 2014	<u>4,941,272</u>	<u>306,804</u>	<u>11,037,112</u>	<u>111,226</u>	<u>240,121</u>	<u>16,636,535</u>

Included in freehold land and buildings are assets valued at £4,850,000. The properties were revalued in June 2015 by Jones Lang LaSalle.

Included in leasehold land and buildings are assets valued at £50,000. This property was revalued in June 2015 by Jones Lang LaSalle.

Included in investment properties are assets valued at £11,550,000 based on open market value. One of the properties was revalued in July 2015 by CB Richard Ellis, the others by Jones Lang LaSalle in June 2015. In the opinion of the directors, the valuation of these properties fairly reflects the open market value.

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11. Tangible fixed assets (continued)

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2015 £	2014 £
Historical cost:		
At 1 Feb 2014	6,170,422	6,098,124
Cost of additions to revalued assets brought forward	72,562	72,298
	<u>6,242,984</u>	<u>6,170,422</u>
Depreciation:		
At 1 Feb 2014	836,005	715,312
Charge for year	123,093	120,693
	<u>959,098</u>	<u>836,005</u>
Net historical cost value:		
At 31 Jan 2015	<u>5,283,886</u>	<u>5,334,417</u>
At 1 Feb 2014	<u>5,334,417</u>	<u>5,382,812</u>

Hire purchase agreements

Included within the net book value of £17,111,632 is £109,408 (2014 - £76,017) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £20,803 (2014 - £18,123).

12. Investments

	Unlisted investments £
Cost	
At 1 February 2014 and 31 January 2015	<u>10,000</u>
Net book value	
At 31 January 2015 and 31 January 2014	<u>10,000</u>

13. Stocks

	2015 £	2014 £
Finished goods	<u>2,233,451</u>	<u>2,380,675</u>

SMITH BRADBEER & COMPANY LIMITED
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14. Debtors

	2015	2014
	£	£
Trade debtors	22,533	17,923
Other debtors	2,268,061	2,228,844
Prepayments and accrued income	309,569	312,993
	<u>2,600,163</u>	<u>2,559,760</u>

The debtors above include the following amounts falling due after more than one year:

	2015	2014
	£	£
Other debtors	<u>2,163,276</u>	<u>1,989,276</u>

15. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Bank loans and overdrafts	569,667	581,983
Payments received on account	422,199	281,678
Trade creditors	869,231	705,914
Corporation tax	108,599	168,501
PAYE and social security	39,800	40,752
VAT	412,479	477,072
Preference shares	1,100,000	1,100,000
Hire purchase agreements	42,479	20,810
Other creditors	574,024	–
Accruals and deferred income	415,014	479,391
	<u>4,553,492</u>	<u>3,856,101</u>

The bank loans and overdraft of £569,667 (2014 - £581,983) are secured by way of fixed and floating charges over the assets of the company.

Preference shares are redeemable at the option of either the company or the holder of the shares after 31 January 2011. Preference shares have no voting rights attached to them.

Obligations under hire purchase contracts of £42,479 (2014 - £20,810) are secured on the assets to which they relate.

Please see note 23 for details of interest rate swaps.

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

	2015	2014
	£	£
Bank loans	4,975,873	5,503,495
Hire purchase agreements	67,973	20,501
Other creditors	1,048,840	1,018,840
	<u>6,092,686</u>	<u>6,542,836</u>

Analysis of loans

	2015	2014
	£	£
Within one year	569,667	569,667
Between one and two years	569,667	569,667
Between two and five years	1,702,000	1,709,000
Greater than five years	2,704,206	3,224,829
	<u>5,545,540</u>	<u>6,073,163</u>

The bank loans and overdraft of £4,975,873 (2014 - £5,503,495) are secured by way of fixed and floating charges over the assets of the company.

One bank loan is repayable over fifteen years. Interest is payable at 2% above base rate for the first seven years of the loan and then (is payable) at 2.25% above base rate for the remainder of the term.

The second bank loan is repayable over 15 years. Interest is payable at 2.25% above base rate for the first year of the loan and then (is payable) at 2.5% above base rate for the remainder of the term.

Obligations under hire purchase contracts of £67,973, (2014 - £20,501) are secured on the assets to which they relate.

17. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2015	2014
	£	£
Hire purchase agreements are analysed as follows:		
Current obligations	42,479	20,810
Non-current obligations	67,973	20,501
	<u>110,452</u>	<u>41,311</u>

18. Pensions

The company operates a defined contribution pension scheme. The pension cost charge represents the amounts payable by the company to the fund. Contributions payable by the company for the year are £12,336 (2014 - £5,161). There are no outstanding contributions at the year end (2014 - £nil).

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19. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2015	2014
	£	£
At 1 February 2014	168,072	130,292
Profit and loss account movement arising during the year	<u>23,028</u>	<u>37,780</u>
At 31 January 2015	<u>191,100</u>	<u>168,072</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2015	2014
	£	£
Excess of taxation allowances over depreciation on fixed assets	168,072	179,139
Other timing differences	<u>23,028</u>	<u>(11,067)</u>
	<u>191,100</u>	<u>168,072</u>

20. Commitments under operating leases

At 31 January 2015 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2015 £	Land and buildings 2014 £
Operating leases which expire:		
Within 2 to 5 years	50,000	50,000
After more than 5 years	<u>466,000</u>	<u>466,000</u>
	<u>516,000</u>	<u>516,000</u>

21. Transactions with directors

At the year end P L Davies and A E Davies had directors' current accounts with the company. The balance due to the directors at 31 January 2015 was £90,337 (2014 - £90,337) and £54,417 (2014 - £24,417) respectively.

At the year end G J Davies was owed £700,000 (2014 - £700,000) by the company.

During the year dividends totalling £185,522 (2014 - £186,132) were paid to the directors of the company.

During the year the following interest was charged to the company by the directors on their current accounts:

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21. Transactions with directors (continued)

	2015	2014
	£	£
P L Davies	4,336	3,613
A E Davies	2,372	977
Mrs H Davies	5,584	4,653
Mrs P L Davies	2,326	1,938
G J Davies	41,793	34,974

22. Related party transactions

In the year, the company paid rent amounting to £70,000 (2014 - £70,000) to the Davies Millennium Trust, of which G J Davies is a beneficiary. There was no balance due at the year end.

Rent amounting to £24,000 (2014 - £24,000) was also paid to G J Davies, B M L Davies and S A L Davies for the use of 19 Bell Street, Romsey.

All of the above transactions were carried out at arm's length and in the normal course of business.

Included within other debtors due in more than one year is £nil (2014 - £26,000) loaned to The Berkeley Foundation Limited, a not for profit company, in which G J Davies is one of the four trustees.

During 2011 Smith Bradbeer and Company incurred costs of £2,995,580 on behalf of RAM Capital Limited, a company under common control. Included within other debtors is a balance of £nil (2014 - £2,163,276), £2,163,276 (2014 - £1,963,276) is due after more than one year. During the year interest of £nil (2014 - £24,333) has been charged to RAM Capital Limited in respect of this debt and is included within accrued income as at the balance sheet date.

In October 2010, Smith Bradbeer & Company Limited became a tenant of RAM Capital Limited. The lease agreement included a 6 month rent free period, and expires after 15 years. During the year rent of £362,500 (2014 - £362,500) was paid to RAM Capital Limited. A balance of £137,500 (2014 - £150,000) is included within accruals in respect of the rent free period.

During the year dividends totalling £98,311 (2014 - £119,161) were paid to the P L Davies and A E Davies Discretionary Settlements.

23. Financial Instruments

Three interest rate swap agreements were entered into during 2010, in order to fix the interest on a section of the loan, for a portion of the life of the loan. The agreements are on £1 million and fix the interest at: 3.05% for five years, 3.48% for seven years and 3.75% for ten years. These agreements do not have a material impact on these financial statements. The fair value of the interest rate swaps as at the year end was £88,293 (2014 - £97,636).

The five year SWAP has now expired, and any balance remaining on the SWAP defaults to a variable rate of interest.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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24. Share capital

Allotted and called up:

	2015		2014	
	No	£	No	£
'A' Ordinary shares of £0.10 each	66,667	6,667	66,667	6,667
'B' Ordinary shares of £0.10 each	66,667	6,667	66,667	6,667
C, D, G, H, J, L, M, R, S Ordinary non-voting shares of £0.10 each	466,336	46,634	466,336	46,634
G1, G2, G3, G4 Ordinary non-voting shares of £0.10 each	10,000	1,000	10,000	1,000
H1, H2, H3, H4 Ordinary non-voting shares of £0.10 each	10,000	1,000	10,000	1,000
J1, J2, J3 Ordinary non-voting shares of £0.10 each	10,000	1,000	10,000	1,000
L1, L2, L3 Ordinary non-voting shares of £0.10 each	10,000	1,000	10,000	1,000
M1, M2, M3, M4 Ordinary non-voting shares of £0.10 each	10,000	1,000	10,000	1,000
R1 Ordinary non-voting shares of £0.10 each	7,000	700	7,000	700
S1, S2, S3, S4 Ordinary non-voting shares of £0.10 each	10,000	1,000	10,000	1,000
Redeemable preference shares of £1 each	1,100,000	1,100,000	1,100,000	1,100,000
	<u>1,766,670</u>	<u>1,166,667</u>	<u>1,766,670</u>	<u>1,166,667</u>

	2015	2014
	£	£
Amounts presented in equity:		
66,667 'A' Ordinary shares of £0.10 each	6,667	6,667
66,667 'B' Ordinary shares of £0.10 each	6,667	6,667
466,336 C, D, G, H, J, L, M, R, S Ordinary non-voting shares of £0.10 each	46,634	46,634
10,000 G1, G2, G3, G4 Ordinary non-voting shares of £0.10 each	1,000	1,000
10,000 H1, H2, H3, H4 Ordinary non-voting shares of £0.10 each	1,000	1,000
J1, J2, J3 Ordinary non-voting shares of £0.10 each	1,000	1,000
L1, L2, L3 Ordinary non-voting shares of £0.10 each	1,000	1,000
M1, M2, M3, M4 Ordinary non-voting shares of £0.10 each	1,000	1,000
R1 Ordinary non-voting shares of £0.10 each	700	700
S1, S2, S3, S4 Ordinary non-voting shares of £0.10 each	1,000	1,000
	<u>66,667</u>	<u>66,667</u>

Amounts presented in liabilities:

1,100,000 Redeemable preference shares of £1 each	<u>1,100,000</u>	<u>1,100,000</u>
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Shares rank pari-passu in all respects except for the provisions relating to voting rights as set out below.

The 'C, D, G, H, J, L, M, R, S' Ordinary shares are non-voting shares. The 'G1, G2, G3, G4, H1, H2, H3, H4, J1, J2, J3, L1, L2, L3, M1, M2, M3, M4, R1, S1, S2, S3 and S4' Ordinary shares are also non voting.

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25. Reserves

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	4,138,592	40,877	6,796,829
Profit for the year	–	–	324,888
Equity dividends	–	–	(433,948)
Other gains and losses			
- Revaluation of fixed assets	515,959	–	–
Other movements			
- transfer to/from revaluation reserve	(24,091)	–	24,091
Balance carried forward	<u>4,630,460</u>	<u>40,877</u>	<u>6,711,860</u>

26. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Profit for the financial year	324,888	908,408
Other net recognised gains and losses	515,959	–
Equity dividends	(433,948)	(399,902)
Transfer from revaluation reserve	24,091	24,105
Transfer to profit and loss account	(24,091)	(24,105)
Net addition to shareholders' funds	<u>406,899</u>	<u>508,506</u>
Opening shareholders' funds	11,042,965	10,534,459
Closing shareholders' funds	<u>11,449,864</u>	<u>11,042,965</u>

27. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2015 £	2014 £
Operating profit	953,647	1,584,786
Depreciation	213,582	223,309
Profit on disposal of fixed assets	(5,568)	–
Decrease in stocks	147,224	336,274
(Increase)/decrease in debtors	(40,403)	294,508
Increase/(decrease) in creditors	777,940	(184,247)
Net cash inflow from operating activities	<u>2,046,422</u>	<u>2,254,630</u>

SMITH BRADBEER & COMPANY LIMITED
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27. Notes to the cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

	2015		2014
	£	£	£
Increase in cash in the period	321,208		480,644
Net cash outflow from bank loans	527,622		528,559
Cash outflow in respect of hire purchase	(69,141)		31,085
Cash outflow from directors' long-term loans	—		105,000
Change in net debt resulting from cash flows		779,689	1,145,288
New finance leases		—	(41,932)
Non-cash adj to l/t directors loans		—	(84,309)
Movement in net debt in the period		779,689	1,019,047
Net debt at 1 February 2014		(8,222,625)	(9,241,672)
Net debt at 31 January 2015		(7,442,936)	(8,222,625)

Analysis of changes in net debt

	At 1 February 2014 £	Cash flows £	At 31 January 2015 £
Net cash:			
Cash in hand and at bank	23,004	308,892	331,896
Overdrafts	(12,316)	12,316	—
	10,688	321,208	331,896
Debt:			
Debt due within 1 year	(1,669,667)	—	(1,669,667)
Debt due after 1 year	(5,503,495)	527,622	(4,975,873)
Directors' long term loans	(1,018,840)	—	(1,018,840)
Hire purchase agreements	(41,311)	(69,141)	(110,452)
	(8,233,313)	458,481	(7,774,832)
Net debt	(8,222,625)	779,689	(7,442,936)

28. Ultimate control

The company is under the joint control of the Davies family by virtue of their shareholdings.