Registered Number 00039402

Gardiner Sons & Co Limited
Annual report and financial statements
for the year ended 31 December 2015

Gardiner Sons & Co Limited
Directors' report and financial statements
for the year ended 31 December 2015

Contents

Gardiner Sons & Co Limited

Directors and Advisors for the year ended 31 December 2015

Directors
A G P Allen   Chairman
S D Butcher
J A Dursley
J Watson
A P Webb
S D Whitcombe

Secretary
J Watson

Registered office
3 Broad Plain
Bristol
BS2 0JP
Incorporated on 10 August 1893

Bankers
The Royal Bank of Scotland PLC
36-38 Baldwin Street
Bristol
BS1 1NR

Independent Auditors
PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Gardiner Sons & Co Limited
Registered number - 00039402

Strategic report for the year ended 31 December 2015

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

Business review and principal activity
The principal activity of the company is the operation of home improvement centres in Bristol and Cirencester.

The results for the company show a profit on ordinary activities before taxation of £1,719,882 (2014: £1,740,682) for the year and turnover of £15,516,996 (2014 £15,849,230).

Profit for the financial year amounted to £1,382,164 (2014: £1,400,628). The dividend proposed and paid in respect of the year ended 31 December 2015 is £1,205,866 (2014: £1,225,581) resulting in a transfer to reserves of £105,292 (2014: £(30,618)).

Shareholders' funds total £10,837,955 (2014: £10,732,663) after a dividend payment of £1,205,866 (2014: £1,225,581).

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to the competitive environment and employee retention. These risks are mitigated due to the company operating from freehold premises and with the benefit of a positive cash balance and no borrowings.

Financial risk management

The Directors' objective is to minimise financial risk. The key policy used to achieve this objective is to hold substantial positive cash balances.

Key performance indicators

Given the straightforward nature of the business, other than the indicators shown above, we are of the opinion that further analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

By order of the Board

J Watson
Director

15 September 2016

Gardiner Sons & Co Limited

Directors' report for the year ended 31 December 2015

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

Future Developments

The external commercial environment is expected to remain competitive in 2016. However, we remain confident that we will maintain our current level of performance in the future.

Dividends

The dividend proposed and paid in respect of the year ended 31 December 2015 is £1,205,866 (2014: £1,225,581).

Fixed assets

The movement in fixed assets in the year is set out in note 7 to the financial statements.

The directors consider the market value of land and buildings to be greater than the book value disclosed in these financial statements.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Company's policy is to continue to develop its communications with all employees, to inform them on matters of concern to them as employees and to promote awareness of the financial and economic factors affecting the performance of the company and subject to practical and commercial considerations, to consult them on decisions that affect their current jobs or future prospects.

Directors and their interests

The directors of the company who were in office during the year and up to the date of signing the financial statements were as disclosed on the Directors and Advisors page.

No director had any interest in the shares of the company.

Gardiner Sons & Co Limited

Directors' report (continued)

Statement of 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Independent Auditors

PricewaterhouseCoopers LLP as independent auditors have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

In the case of each of the persons who are directors at the time when the report is approved:

a) as far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board

J Watson J Watson
Secretary
15 September 2016

Independent Auditors' Report to the Members of Gardiner Sons & Co Limited

Report on the financial statements

Our opinion
In our opinion, Gardiner Sons & Co Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows 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.

What we have audited
The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Profit and loss account and the Statement of Comprehensive Income for the year then ended;
- the Cash flow statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Gardiner Sons & Co Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of directors' responsibilities, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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.

K E Finn

Katharine Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

15 September 2016

Gardiner Sons & Co Limited

Profit and loss account for the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover		**15,516,996**	15,849,230
Cost of sales		**(8,914,594)**	(9,261,471)
Gross profit		**6,602,402**	6,587,759
Administrative expenses		**(4,449,393)**	(4,437,686)
Operating profit – before group payments		**2,153,009**	2,150,073
Management charge payable to parent undertaking		**(314,574)**	(294,859)
Operating profit		**1,838,435**	1,855,214
Interest payable to parent undertaking		**(140,000)**	(140,000)
Interest receivable and similar income	5	**8,947**	8,898
Other finance income	16	**12,500**	16,570
Profit on ordinary activities before taxation	5	**1,719,882**	1,740,682
Taxation on profit on ordinary activities	6	**(337,718)**	(340,054)
Profit for the financial year		**1,382,164**	1,400,628

All operations are continuing.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The accounting policies and notes on pages 13 to 25 form part of these financial statements.

Gardiner Sons & Co Limited

Statement of Comprehensive Income for the year ended 31 December 2015

	Note	2015	2014
		£	£
Profit for the financial year		**1,382,164**	1,400,628
Other comprehensive income:			
Actuarial gains/(losses) on defined benefit pension scheme	16	**294,900**	(965,300)
Adjustment in respect of gains not recognised	16	**(369,700)**	747,230
Movement on deferred tax relating to the pension scheme	12	**3,794**	12,405
Other comprehensive income for the year, net of tax		**(71,006)**	(205,665)
Total comprehensive income for the year		**1,311,158**	1,194,963

Gardiner Sons & Co Limited

Balance sheet as at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	7	**9,713,816**	9,726,428
Current assets			
Stocks	8	**4,498,908**	4,091,699
Debtors	9	**570,886**	621,288
Cash at bank and in hand		**1,688,864**	1,849,260
		6,758,658	6,562,247
Creditors: amounts falling due within one year	10	**(2,838,999)**	(2,774,498)
Net current assets		**3,919,659**	3,787,749
Total assets less current liabilities		**13,633,475**	13,514,177
Creditors: amounts falling due after more than year	11	**(2,800,000)**	(2,800,000)
Net assets excluding pension scheme		**10,833,475**	10,714,177
Pension scheme surplus		**4,480**	18,486
Net assets including pension scheme		**10,837,955**	10,732,663
Capital and reserves			
Called up share capital	13	**1,262,661**	1,262,661
Profit and loss account		**9,575,294**	9,470,002
Total shareholders' funds		**10,837,955**	10,732,663

The financial statements on pages 13 to 25 were approved by the Board of Directors on 15 September 2016 and signed on its behalf by:

J Watson

J Watson
Director

Registered Number 00039402

Gardiner Sons & Co Limited

Statement of changes in equity for the year ended 31 December 2015

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 January 2014	1,262,661	9,500,620	10,763,281
Profit for the year	-	1,400,628	1,400,628
Other comprehensive income for the year:			
Actuarial (losses) on defined benefit pension scheme	-	(965,300)	(965,300)
Adjustment in respect of gain not recognised	-	747,230	747,230
Movement in deferred tax asset relating to pension scheme	-	12,405	12,405
Total comprehensive income for the year, before dividends	-	1,194,963	1,194,963
Dividends paid	-	(1,225,581)	(1,225,581)
Total comprehensive income for the year	-	(30,618)	(30,618)
Balance as at 31 December 2014	**1,262,661**	**9,470,002**	**10,732,663**
Balance as at 1 January 2015	1,262,661	9,470,002	10,732,663
Profit for the year	-	1,382,164	1,382,164
Other comprehensive income for the year:			
Actuarial gains on defined benefit pension scheme	-	294,900	294,900
Adjustment in respect of gain not recognised	-	(369,700)	(369,700)
Movement in deferred tax asset relating to pension scheme	-	3,794	3,794
Total comprehensive income for the year, before dividends	-	1,311,158	1,311,158
Dividends paid	-	(1,205,866)	(1,205,866)
Total comprehensive income for the year	-	105,292	105,292
Balance as at 31 December 2015	**1,262,661**	**9,575,294**	**10,837,955**

Gardiner Sons & Co Limited

Cash flow statement for the year ended 31 December 2015

	Note	2015	2014
		£	£
Net cash inflow from operating activities	a	**1,552,207**	1,637,314
Taxation paid		**(343,227)**	(297,878)
Net cash generated from operating activities		**1,208,980**	1,339,436
Cash flow from investing activities			
Purchase of tangible fixed assets		**(37,547)**	(84,027)
Proceeds from sale of tangible fixed assets		**5,090**	7,726
Interest received		**8,947**	8,898
Net cash used in investing activities		**(23,510)**	(67,403)
Cash flow from financing activities			
Dividends paid		**(1,205,866)**	(1,225,581)
Interest paid to parent undertaking		**(140,000)**	(140,000)
Net cash used in financing activities		**(1,345,866)**	(1,365,581)
Net decrease in cash and cash equivalents	b	**(160,396)**	(93,548)
Cash and cash equivalents at the beginning of the year		**1,849,260**	1,942,808
Cash and cash equivalents at the end of the year		**1,688,864**	1,849,260

Cash and cash equivalents consists of:			
Cash and cash equivalents		**1,688,864**	**1,849,260**

Gardiner Sons & Co Limited

Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2015 £	2014 £
Profit for the financial year	**1,382,164**	1,400,628
Taxation on profit on ordinary activities	**337,718**	340,054
Net interest expense	**118,553**	114,532
Operating profit	**1,838,435**	1,855,214
Depreciation charges	**50,158**	56,888
Difference between pension charge and cash contributions	**(44,500)**	(149,600)
Profit on sales of tangible fixed assets	**(5,090)**	(7,726)
(Increase) in stocks	**(407,209)**	(55,869)
Decrease/(increase) in debtors	**46,402**	(48,564)
Increase/(decrease) in creditors	**74,011**	(13,029)
Net cash inflow from operating activities	**1,552,207**	1,637,314

(b) Analysis of net funds

	At 1 January 2015 £	Cash flow 2015 £	**At 31 December 2015 £**
Cash at bank and in hand	1,849,260	(160,396)	**1,688,864**
Deposit from parent undertaking	(2,800,000)	-	**(2,800,000)**
	(950,740)	(160,396)	**(1,111,136)**

Gardiner Sons & Co Limited

Notes to the financial statements for the year ended 31 December 2015

1 General information

Gardiner Sons & Co Limited ('the Company') operates home improvement centres in Bristol and Cirencester in the UK.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is 3 Broad Plain, Bristol, BS2 0JP.

2 Statement of compliance

The individual financial statements of Gardiner Sons & Co Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 19.

Basis of Preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4

Turnover

Turnover represents sales to third parties and is determined by reference to the selling value of goods delivered and services rendered during the year, net of Value Added Tax. All turnover is derived from continuing operations from one class of business in the United Kingdom.

Tangible assets and depreciation

Tangible assets are stated at cost after deducting accumulated depreciation. Depreciation is charged so as to write off the cost, less residual value, of assets over their estimated useful lives on the straight-line basis. The rates of depreciation vary according to the type of asset and are:

Plant, machinery, fixtures and fittings	10% - 20%
Motor vehicles	25%

No depreciation is provided on freehold properties, as the directors consider that the residual value of such properties is considerably in excess of the current carrying amounts. In order to confirm this, an impairment test has been carried out in accordance with section 27 of FRS102.

Stocks

Stocks of goods purchased for resale are valued at the lower of cost (net invoice price after all discounts) and net realisable value.

Deferred taxation

Deferred taxation is provided in full on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Pension costs

(i) Defined benefit pension plan

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The surplus recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the end of the reporting date.

The defined benefit obligation is calculated using the projected unit credit 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 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 company'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. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

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 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 'Finance expense'.

(ii) 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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

4 Critical accounting judgements and 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.

Inventory provisioning

The company is a retailer of home improvement goods. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 16 for the disclosures relating to the defined benefit pension scheme.

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting) the following amounts:

	2015	2014
	£	£
Wages and salaries	**2,703,768**	2,803,397
Social security costs	**182,095**	189,475
Other pension costs (note 16)	**59,310**	49,234
Depreciation	**50,158**	56,888
Auditors' remuneration – audit of annual financial statements	**19,000**	15,000
Interest receivable on bank deposits	**(8,947)**	(8,898)
Profit on sale of tangible fixed assets	**(5,090)**	(7,726)
Management charge payable to parent undertaking	**314,574**	294,859

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Tax on profit on ordinary activities

	2015	2014
	£	£
Current tax		
UK Corporation tax on the profit for the year	**333,568**	333,077
Adjustment in respect of prior years	**150**	(23)
Total current tax	**333,718**	333,054
Deferred tax		
Origination and reversal of timing differences (note 12)	**4,000**	7,000
Tax on profit on ordinary activities	**337,718**	340,054

Factors affecting tax charge for the year

The tax assessed for the year is lower (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	**1,719,882**	1,740,682
Profit on ordinary activities at standard rate of tax of 20.25% (2014: 21.5%)	**348,276**	374,247
Profit on disposal of fixed assets	**(1,031)**	(1,661)
Employee benefit profit and loss account adjustments	**(11,543)**	(35,727)
Adjustment in respect of prior years	**150**	(23)
Rate change adjustment	**1,866**	3,218
Tax on profit on ordinary activities	**337,718**	340,054

Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Tangible fixed assets

	Freehold land & buildings	Fixtures & fittings	Plant, machinery & vehicles	Total
	£	£	£	£
Cost				
At 1 January 2015	9,669,233	1,837,228	1,284,517	12,790,978
Disposals	-	-	(10,550)	(10,550)
Additions	-	10,694	26,854	37,548
At 31 December 2015	**9,669,233**	**1,847,922**	**1,300,821**	**12,817,976**
Accumulated depreciation				
At 1 January 2015	60,131	1,833,292	1,171,127	3,064,550
Disposals	-	-	(10,550)	(10,550)
Provision for the year	-	5,630	44,528	50,158
At 31 December 2015	**60,131**	**1,838,922**	**1,205,107**	**3,104,160**
Net book amount				
At 31 December 2015	**9,609,102**	**9,000**	**95,714**	**9,713,816**
At 31 December 2014	9,609,102	3,936	113,390	9,726,428

8 Stocks

Stocks comprise goods for resale. The directors estimate that the replacement cost of stocks is not materially different from that stated in the balance sheet.

9 Debtors

	2015	2014
	£	£
Trade debtors	**363,013**	410,237
Other debtors	**110,800**	107,995
Prepayments and accrued income	**83,073**	85,056
Deferred taxation (see note 12)	**14,000**	18,000
	570,886	621,288

10 Creditors – Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	**2,008,508**	1,918,871
Other creditors	**131,952**	138,810
Corporation tax	**173,568**	183,077
Other taxation and social security	**270,794**	328,077
Accruals and deferred income	**254,177**	205,663
	2,838,999	2,774,498

11 Creditors – Amounts falling due after more than one year

	2015	2014
	£	£
Deposit from parent undertaking	**2,800,000**	2,800,000

The deposit is to be withdrawn at a date to be agreed by both group companies. There are no arrangements for any further withdrawal prior to 31 December 2016. The deposit carries an interest rate of 5% per annum.

Notes to the financial statements for the year ended 31 December 2015 (continued)

12 Deferred taxation

Deferred taxation provided in the financial statement is as follows:

	2015	2014
	£	£
Depreciation in excess of capital allowances	**14,000**	18,000
Deferred tax asset (see note 6)	**14,000**	18,000
Pension surplus (see note 16)	**(1,120)**	(4,914)
Total deferred tax asset	**12,880**	13,086

The movement on deferred taxation is as follows:

	2015	2014
	£	£
At 1 January	**13,086**	7,681
Credited to other comprehensive income	**3,794**	12,405
(Charged) to the profit and loss account	**(4,000)**	(7,000)
At 31 December	**12,880**	13,086

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation Tax rate which decreased from 21% to 20% from 1 April 2015.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK Corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had been applied to the deferred tax balance at the balance sheet date would not be material.

13 Called up share capital

	Allotted, issued and fully paid £
5,050,644 ordinary shares of 25p each at 31 December 2014 and 31 December 2015	**1,262,661**

14 Employees

	2015 Number	2014 Number
The average number of persons employed by the company during the year on a full time equivalent basis was:	**129**	135

15 Directors' emoluments

	2015 Aggregate £	**2015 Highest Paid Director £**	2014 Aggregate £	2014 Highest Paid Director £
Directors' emoluments	**460,205**	**100,000**	432,797	100,000

	2015 Money Purchase Schemes	**2015 Defined Benefit Schemes**	2014 Money Purchase Schemes	2014 Defined Benefit Schemes
Number of directors with benefits accruing under pension schemes	**2**	**2**	2	2

The highest paid director has no retirement benefits accruing at the end of the year.

No amounts were paid to or receivable by directors under long term incentive schemes or share option schemes.

An amount of £200,000 (2014: £200,000) is also included in the management charge due from the subsidiary company to the parent company for making available the services of directors as directors of the subsidiary company.

16 Post employment benefits

The company operates a defined benefit pension scheme. With effect from 1 December 1990, the company formed a new pension scheme, the Gardiners Pension and Life Assurance Scheme (1990) for members of the previous parent undertaking's pension scheme. The scheme had previously been closed to new entrants, which means that the current service cost will increase as members approach retirement.

The scheme is a funded, defined benefits scheme where benefits are based on final pensionable pay. The assets are in an insurance policy invested in a with-profits fund and unit linked investments with the Equitable Life Assurance Society.

An actuarial valuation as at 31 March 2015 was carried out by a professionally qualified actuary based on assumptions determined by the trustees, the most significant assumptions being:

- An investment return of 3.4% on all investments
- Increases in payment of pensions that are in respect of services between 6th April 1997 and 31st March 2006 of 2.9%.
- Increases in payment of pensions that are in respect of service from 1st April 2006 of 2.2%.

Based on these assumptions, liabilities were valued at £5,844,000 and assets at £6,167,000, a surplus of £323,000.

On 31 March 2016 accrual of benefit ceased and all active members at that date became deferred members. The calculation was on this basis.

In 2015 employers contributions exceeded the current service cost by £44,500 (2014: £149,600).

The company also operates a Group Personal Pension scheme on behalf of employees. Contributions made by the company are calculated on various bases, and are charged to the profit and loss account as incurred.

The total contributions made by the company in 2015 for the final salary scheme and the Group Personal Pension scheme were £103,810 (2014: £198,834) of which £35,858 (2014: £32,664) relates to the Group Personal Pension scheme.

16 Post employment benefits (continued)

The financial assumptions used to calculate scheme liabilities at 31 December are:

	2015	2014
Rate of increases in salary	**1.9%**	1.9%
Rate of increases of pensions in payment	**2.2%**	2.2%
Rate used to discount scheme liabilities	**3.7%**	3.4%
Retail price index inflation assumption	**3.1%**	3.1%

Death after retirement: For 2015 and 2014 110% of the rates in the standard mortality tables PNMA00 and PNFA00, improvements in accordance with the mortality projection model CMI 2013 with long term rates of improvements of 1% p.a.

The following amounts at 31 December were measured in accordance with section 28 of FRS102 'Employee benefits':

	2015 £	2014 £
Total market value of assets	**6,032,800**	5,939,100
Present value of scheme liabilities	**(5,334,300)**	(5,592,500)
Surplus in the scheme	**698,500**	346,600
Surplus not recognised	**(692,900)**	(323,200)
Related deferred tax liability	**(1,120)**	(4,914)
Net pension surplus	**4,480**	18,486

16 Post employment benefits (continued)

Reconciliation of scheme liabilities:

	2015	2014
	£	£
Opening defined benefit obligation	**5,592,500**	4,632,100
Service cost	**23,452**	16,570
Interest cost	**188,200**	202,300
Members' contributions	**7,048**	8,830
Actuarial (gains)/losses	**(322,300)**	851,400
Benefits paid and death-in-service premiums	**(154,600)**	(118,700)
Closing defined benefit obligation	**5,334,300**	5,592,500

Reconciliation of scheme assets:

	2015	2014
	£	£
Opening fair value of plan assets	**5,939,100**	5,653,800
Interest income	**200,700**	342,900
Actuarial losses	**(27,400)**	(113,900)
Contributions by employer	**67,952**	166,170
Members' contributions	**7,048**	8,830
Benefits paid and death-in-service premiums	**(154,600)**	(118,700)
Closing fair value of plan assets	**6,032,800**	5,939,100

Expected contributions to the scheme in the next year:	**-**	175,000

Notes to the financial statements for the year ended 31 December 2015 (continued)

16 Post employment benefits (continued)

The amounts recognised in the statement of other comprehensive income is as follows:	2015 £	2014 £
Actual return less expected return on scheme assets	**(27,400)**	(113,900)
Change in present value of liabilities due to change in assumptions	**322,300**	(851,400)
Total actuarial gain / (loss) recognised in other comprehensive income	**294,900**	(965,300)
Adjustment in respect of gains not recognised	**(369,700)**	747,230
Movement in deferred tax relating to pension scheme	**3,794**	12,405
Total loss recognised in other comprehensive income	**(71,006)**	(205,665)

Scheme assets do not include any of the company's own financial instruments or any property occupied by the company.

The amounts (credited)/charged to the profit and loss account are as follows:

	2015 £	2014 £
Expected return on plan assets	**(200,700)**	(342,900)
Interest on obligation	**188,200**	202,300
Adjustment in respect of unrecognisable asset	**-**	124,030
Other finance income	**(12,500)**	(16,570)
Current service cost	**23,452**	16,570
Total	**10,952**	-

The fair value of the plan assets are:

	2015 £	2014 £
Equity instruments	**4,102,304**	4,038,588
Gilts	**965,248**	890,865
Bonds	**180,984**	237,564
Property	**482,624**	475,128
Cash	**301,640**	296,955
	6,032,800	5,939,100

17 Contingent liabilities

There is a bank cross guarantee to cover banking facilities across all group companies. There is a debenture in favour of the company's bankers.

18 Related parties

As the company is a wholly owned subsidiary within a group that prepares consolidated financial statements, the company is exempt from disclosing transactions with group entities under section 33 of FRS 102.

19 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014.

There were no differences in profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP previously reported and FRS 102.

20 Ultimate parent undertaking

The company's parent undertaking is Gardiner (Holdings) Limited which is registered in Great Britain and is the parent undertaking of the largest and smallest group to consolidate the financial statements of the company. Gardiner (Holdings) Limited has a registered address of 3 Broad Plain, Bristol, BS2 0JP and copies of the group financial statements can be obtained from Companies House.