

Registered Number 00039402

Gardiner, Sons & Co., Limited
Annual report and financial statements
for the year ended 31 December 2017



Gardiner,Sons & Co.,Limited
Directors' report and financial statements
for the year ended 31 December 2017

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Gardiner,Sons & Co.,Limited

Directors and Advisors for the year ended 31 December 2017

Directors

A G P Allen - Chairman
B C F Allen
S D Butcher
C Davies-Gallagher (resigned on 5 May 2017)
J A Dursley
J Watson
A P Webb (resigned on 30 April 2017)
S D Whitcombe

Secretary

J Watson

Registered office

3 Broad Plain
Bristol
BS2 OJP
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 OFR

Gardiner, Sons & Co., Limited

Registered number - 00039402

Strategic report for the year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

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 before taxation of £748,753 (2016: £1,159,495) for the year and turnover of £14,192,618 (2016: £15,089,460).

Profit for the financial year amounted to £615,555 (2016: £921,191). The dividend proposed and paid in respect of the year ended 31 December 2017 is £378,006 (2016: £470,855) resulting in a transfer to reserves of £266,834 (2016: £432,636).

Shareholders' funds total £11,537,425 (2016: £11,270,591) after a dividend payment of £378,006 (2016: £470,855).

Principal risks and uncertainties

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

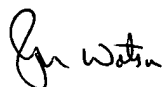
Financial risk management

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.

On behalf of the Board



J Watson

Director

13th April 2018

Gardiner, Sons & Co., Limited

Directors' report for the year ended 31 December 2017

The directors present their report and audited financial statements for the year ended 31 December 2017.

Future Developments

As a result of rising costs and changing shopping habits, the company will restructure its operations in 2018 to secure future profitability.

Dividends

The dividend proposed and paid in respect of the year ended 31 December 2017 is £378,006 (2016: £470,855).

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 for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

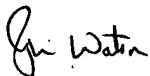
Independent Auditors

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.

On behalf of the Board



J Watson
Director

13 April 2018

Independent auditors' report to the members of Gardiner, Sons & Co., Limited

Report on the audit of the financial statements

Opinion

In our opinion, Gardiner, Sons & Co., Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account, the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the 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.

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

KE Finn

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

13 April 2018

Gardiner, Sons & Co., Limited

Profit and loss account for the year ended 31 December 2017

	Note	2017	2016
		£	£
Turnover		14,192,618	15,089,460
Cost of sales		(8,116,215)	(8,684,965)
Gross profit		6,076,403	6,404,495
Administrative expenses		(4,516,647)	(4,552,306)
Operating profit- before group payments		1,559,756	1,852,189
Management charge payable to parent		(681,994)	(589,145)
Operating profit		877,762	1,263,044
Interest payable to parent undertaking		(140,000)	(140,000)
Interest receivable and similar income	5	10,791	10,751
Other finance income	17	200	25,700
Profit before taxation	5	748,753	1,159,495
Tax on profit	6	(133,198)	(238,304)
Profit for the financial year		615,555	921,191

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 12 to 25 form part of these financial statements.

Gardiner,Sons & Co.,Limited

Statement of Comprehensive Income for the year ended 31 December 2017

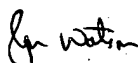
	Note	2017 £	2016 £
Profit for the financial year		615,555	921,191
Other comprehensive income / (expense):			
Actuarial gains/(losses) on defined benefit pension scheme	17	46,800	(710,300)
Adjustment in respect of gains not recognised	17	-	692,900
Movement on deferred tax relating to pension scheme	17	(17,515)	(300)
Other comprehensive income / (expense) for the year, net of tax		29,285	(17,700)
Total comprehensive income for the year		644,840	903,491

Gardiner, Sons & Co., Limited

Balance sheet as at 31 December 2017

	Note	2017 £	2016 £
Non- Current assets			
Tangible assets	7	9,822,880	9,854,141
Pension scheme surplus	17	54,100	7,100
Current assets			
Stocks	8	4,081,924	4,258,770
Debtors	9	592,741	603,910
Cash at bank and in hand		2,069,457	2,072,617
		6,744,122	6,942,397
Creditors: amounts falling due within one year	10	(2,283,677)	(2,725,947)
Net current assets		4,460,445	4,216,450
Total assets less current liabilities		14,337,425	14,070,591
Creditors: amounts falling due after more than year	11	(2,800,000)	(2,800,000)
Net assets		11,537,425	11,270,591
Capital and reserves			
Called up share capital	13	1,262,661	1,262,661
Profit and loss account		10,274,764	10,007,930
Total shareholders' funds		11,537,425	11,270,591

The financial statements on pages 7 to 25 were approved by the Board of Directors on 13th April 2018 and signed on its behalf by:



J Watson
Director

Registered Number 00039402

Gardiner,Sons & Co.,Limited

Statement of changes in equity for the year ended 31 December 2017

	Called- up share capital	Profit & loss account	Total Shareholders' funds
	£	£	£
Balance as at 1 January 2016	1,262,661	9,575,294	10,837,955
Profit for the financial year	-	921,191	921,191
Other comprehensive (expense) / income for the year:			
Actuarial (losses) on defined benefit pension scheme	-	(710,300)	(710,300)
Adjustment in respect of gain not recognised	-	692,900	692,900
Movements in deferred tax asset relating to pension scheme	-	(300)	(300)
Total comprehensive income for year	-	903,491	903,491
Dividends paid	-	(470,855)	(470,855)
Total	-	432,636	432,636
Balance as at 31 December 2016	1,262,661	10,007,930	11,270,591
Balance as at 1 January 2017	1,262,661	10,007,930	11,270,591
Profit for the financial year	-	615,555	615,555
Other comprehensive income / (expense) for the year:			
Actuarial gains on defined benefit pension scheme	-	46,800	46,800
Movements in deferred tax asset relating to pension scheme	-	(17,515)	(17,515)
Total comprehensive income for year	-	644,840	644,840
Dividends paid	-	(378,006)	(378,006)
Total	-	266,834	266,834
Balance as at 31 December 2017	1,262,661	10,274,764	11,537,425

Gardiner, Sons & Co., Limited

Cash flow statement for the year ended 31 December 2017

	Note	2017 £	2016 £
Net cash inflow from operating activities	14	755,956	1,519,241
Taxation paid		(200,000)	(333,630)
Net cash generated from operating activities		555,956	1,185,611
Cash flows from investing activities			
Purchase of tangible fixed assets		(54,180)	(205,190)
Proceeds from sale of tangible fixed assets		2,279	3,436
Interest received		10,791	10,751
Net cash used in investing activities		(41,110)	(191,003)
Cash flows from financing activities			
Dividends paid		(378,006)	(470,855)
Interest paid to parent undertaking		(140,000)	(140,000)
Net cash used in financing activities		(518,006)	(610,855)
Net (decrease)/ increase in cash and cash equivalents		(3,160)	383,753
Cash and cash equivalents at the beginning of the year		2,072,617	1,688,864
Cash and cash equivalents at the end of the year		2,069,457	2,072,617
Cash and cash equivalents consists of:			
Cast at bank and in hand		2,069,457	2,072,617
Cash and cash equivalents		2,069,457	2,072,617

Gardiner, Sons & Co., Limited

Notes to the financial statements for the year ended 31 December 2017

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. The company has not taken advantage of the FRS 102 disclosure exemptions available to qualifying entities.

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.

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, at 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 and vehicles	10%-25%
Fixtures and fittings	20%

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.

Gardiner, Sons & Co., Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

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 pension scheme surplus (to the extent that it is recoverable through reduced contributions in the future or refunds from the scheme) or deficit is recognised in full.

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'.

Gardiner,Sons & Co.,Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

(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.

Cash, cash equivalents and financial instruments

As at 31 December 2017, the company's reported cash holdings consisted of cash in hand and deposits held at call with banks.

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 17 for the disclosures relating to the defined benefit pension scheme.

Gardiner, Sons & Co., Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

5 Profit before taxation

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

	2017	2016
	£	£
Wages and salaries	2,699,131	2,746,135
Social security costs	177,658	188,214
Other Pension costs	89,004	53,446
Depreciation	81,429	64,865
Auditors' remuneration - audit of financial statements	18,000	17,000
Interest receivable on bank deposits	(10,791)	(10,751)
Loss/(Profit) on sale of tangible fixed assets	1,733	(3,436)
Management charge payable to parent undertaking	681,994	589,145

6 Tax on profit

	2017	2016
	£	£
Current tax		
UK Corporation tax on the profit for the year	147,045	203,835
Adjustment in respect of prior years	(5,440)	62
Total current tax	141,605	203,897
Deferred tax		
Origination and reversal of timing differences (note 12)	(8,407)	34,407
Tax on profit	133,198	238,304

Gardiner,Sons & Co.,Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

6 Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Profit before taxation	748,753	1,159,495
Profit before taxation at standard rate of tax of 19.25% (2016: 20%)	144,135	231,899
Loss on disposal of fixed assets	334	(687)
Employee benefit profit and loss account adjustments	39	1,360
Adjustment-in respect of prior years	(5,440)	62
Rate change adjustment	(5,870)	5,670
Tax on profit	133,198	238,304

7 Tangible assets

	Freehold land & buildings	Fixtures & fittings	Plant, machinery & vehicles	Total
	£	£	£	£
Cost				
At 1 January 2017	9,669,233	1,852,484	1,478,675	13,000,392
Disposals	-	-	(23,900)	(23,900)
Additions	-	-	54,180	54,180
At 31 December 2017	9,669,233	1,852,484	1,508,955	13,030,672
Accumulated depreciation				
At 1 January 2017	60,131	1,843,494	1,242,626	3,146,251
Disposals	-	-	(19,888)	(19,888)
Provision for the year	-	4,931	76,498	81,429
At 31 December 2017	60,131	1,848,425	1,299,236	3,207,792
Net book amount				
At 31 December 2017	9,609,102	4,059	209,719	9,822,880
At 31 December 2016	9,609,102	8,990	236,049	9,854,141

Gardiner,Sons & Co.,Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

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

	2017	2016
	£	£
Trade debtors	418,782	332,676
Other debtors	43,774	153,838
Corporation tax	14,560	-
Prepayments and accrued income	115,625	117,396
	592,741	603,910

10 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,506,496	2,020,929
Other creditors	104,801	187,523
Corporation tax	-	43,835
Deferred tax	30,935	21,827
Other taxation and social security	296,267	100,315
Accruals and deferred income	345,178	351,518
	2,283,677	2,725,947

Gardiner,Sons & Co.,Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

11 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Deposit from parent undertaking	2,800,000	2,800,000

The deposit from parent undertaking is fully unsecured, has no fixed repayment date, carries an interest rate of 5% per annum and is recoverable at a date to be agreed by both group companies.

12 Deferred taxation

Deferred taxation provided in the financial statement is as follows:

	2017	2016
	£	£
Accelerated capital allowances	(12,000)	(20,407)
Pension surplus (see note 17)	(18,935)	(1,420)
Total deferred tax liability	(30,935)	(21,827)

The movement on deferred taxation is as follows:

	2017	2016
	£	£
At 1 January	(21,827)	12,880
(Charged) to other comprehensive income	(17,515)	(300)
Credited/(Charged) to the profit and loss account	8,407	(34,407)
At 31 December	(30,935)	(21,827)

The main rate of Corporation Tax was reduced from 20% to 19% on 1 April 2017. A further reduction to 17% was legislated by finance bill on 6 September 2016 and so deferred tax has been provided at that rate on accelerated capital allowances. It is anticipated that tax will be recovered on the pension surplus at 35% and so deferred tax has been provided at that rate.

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Notes to the financial statements for the year ended 31 December 2017 (continued)

13 Called up share capital

	Allotted, issued and fully paid £
5,050,644 ordinary shares of 25p each at 31 December 2016 and 31 December 2017	1,262,661

14 Cash flow from operating activities

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

	2017 £	2016 £
Profit for the financial year	615,555	921,191
Tax on profit	133,198	238,304
Net interest expense	129,009	103,549
Operating profit	877,762	1,263,044
Depreciation charges	81,429	64,865
Difference between pension charge and cash contributions	-	6,800
Loss/(Profit) on sales of tangible fixed assets	1,733	(3,436)
Decrease in stocks	176,846	240,138
Decrease/(increase) in debtors	25,729	(47,024)
Decrease in creditors	(407,543)	(5,146)
Net cash inflow from operating activities	755,956	1,519,241

(b) Analysis of net funds

	At 1 January 2017 £	Cash flow 2017 £	At 31 December 2017 £
Cash at bank and in hand	2,072,617	(3,160)	2,069,457
Deposit from parent undertaking	(2,800,000)	-	(2,800,000)
	(727,383)	(3,160)	(730,543)

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Notes to the financial statements for the year ended 31 December 2017 (continued)

15 Employees

	2017 Number	2016 Number
The average number of persons employed by the company during the year on a full time equivalent basis was	118	127

16 Directors' emoluments

	2017 Aggregate £	2016 Aggregate £
Directors' emoluments	295,787	320,165
	2017 Money Purchase Schemes	2016 Money Purchase Schemes
Number of directors with benefits accruing under pension schemes	3	5

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 £300,000 (2016: £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.

Gardiner,Sons .& Co., Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

17 Post-employment benefits

The group operates a defined benefit pension scheme. With effect from 1 December 1990, the group formed a 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. On 31 March 2016, accrual of benefits ceased and all active members at that date become deferred members.

The scheme is a funded, defined benefits scheme where benefits are based on final pensionable pay.

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.

In 2017, no employers contributions were paid (2016: none).

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 2017 for the Group Personal Pension scheme were £65,825. (2016: £46,646).

Gardiner, Sons & Co., Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

17 Post-employment benefits (continued)

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

	2017	2016
Discount rate	2.7%	2.8%
Retail price inflation	3.2%	3.3%
Consumer price inflation	2.0%	2.1%
Rate of increase in salaries	N/A	N/A
Rate of increase of pensions in payment (6/4/97 to 31/3/06)	3.1%	3.2%
Rate of increase of pensions in payment (from 1/4/06)	2.2%	2.2%
Life expectancies:		
Current pensioners age 65 — males	22.0	22.0
Current pensioners age 65 — females	23.8	23.9
Future pensioners age 65 (currently age 45) — males	23.0	23.2
Future pensioners age 65 (currently age 45) - females	25.0	25.4

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

	2017	2016
	£	£
Total market value of assets	6,000,600	6,546,400
Present value of scheme liabilities	(5,946,500)	(6,539,300)
Surplus in the scheme	54,100	7,100
Related deferred tax liability	(18,935)	(1,420)

Gardiner,Sons& Co.,Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

17 Post-employment benefits (continued)

Reconciliation of scheme liabilities:

	2017	2016
	£	£
Opening defined benefit obligation	6,539,300	5,334,300
Service cost	-	6,800
Interest cost	171,900	195,200
Actuarial losses	37,900	1,125,700
Benefits paid	(802,600)	(122,700)
Closing defined benefit obligation.	5,946,500	6,539,300

Reconciliation of scheme assets:

	2017	2016
	£	£
Opening fair value of plan assets	6,546,400	6,032,800
Interest income	172,100	220,900
Actuarial gains	84,700	415,400
Benefits paid	(802,600)	(122,700)
Closing fair value of plan assets	6,000,600	6,546,400

Expected contributions to the scheme in the next year:

Gardiner, Sons & Co., Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

17 Post-employment benefits (continued)

The amounts recognised in the statement of other comprehensive income is as follows:

	2017	2016
	£	£
Actual return less expected return on scheme assets	84,700	415,400
Change in present value of liabilities due to change in assumptions	(37,900)	(1,125,700)
Total actuarial gain/(loss) recognised in other comprehensive income	46,800	(710,300)
Adjustment in respect of gains not recognised	-	692,900
Movement in deferred tax relating to pension scheme	(17,515)	(300)
Total gain/(loss) recognised in other comprehensive income	29,285	(17,700)

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

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

	2017	2016
	£	£
Interest income	(172,100)	(220,900)
Interest on obligation	171,900	195,200
Other finance income	(200)	(25,700)
Current service cost	-	6,800
Total	(200)	(18,900)

Gardiner,Sons & Co.,Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

18 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.

19 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.

Gardiner,Sons & Co., Limited receives HR advice from Partners in HR LLP (Registration number OC 393598). Mrs. C. Allen (spouse of a Gardiner,Sons & Co.,Limited director) is a partner in this LLP.

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. Copies of the group financial statements can be obtained from Companies House.