



ABRAM PULMAN & SONS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2018

COMPANY REGISTRATION NUMBER: 00056547



Spenser Wilson
Chartered Accountants & Business Advisers

ABRAM PULMAN & SONS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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ABRAM PULMAN & SONS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report on the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity continues to be that of steel stockholders.

2018 was a year spent increasing our turnover and concentrating on the added value side of the business such as profiling, sawing and machining. The impact of small increases in steel prices and our excellent service in these added value areas has resulted in a 2% increase in tonnage output but a 13% increase in turnover, and a subsequent increase in profitability.

Competition has been as fierce as always, but we have managed to keep our share of the market through a concentrated emphasis on customer service.

2018 saw the completion of the final part of the flood defences and we now feel confident that flooding is no longer a threat to the business.

Despite the challenges in the year, the company has managed to report turnover of £12,698,383 (2017 - £11,236,770) and a profit before tax of £325,422 (2017 - £43,825). At the year end the company had net assets of £2,812,934 (2017 - £2,863,184).

FUTURE DEVELOPMENTS

2019 has started on a positive note and we have seen further increases in turnover which has been achievable by winning a number of large orders. We are concentrating our efforts this year on more profitable business and hoping for a slight premium due to our reputation for great customer service. Although the ongoing Brexit situation is a concern to everyone, there is still a lot of activity in the steel market.

Our focus on increasing efficiency through training and appraisals is ongoing, as is our strong health and safety regime. We are continuously looking for new markets to keep the business moving forward and investigating further opportunities to invest in the future.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty facing the company is Brexit. Until there is some clarification on the situation we are being cautious regarding investments in plant and machinery and we are concerned about the continuity of supply.

ABRAM PULMAN & SONS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2018


FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has a commercial sales invoice financing agreement and operates within its agreed limits. All sales are to UK customers and most suppliers are sourced in the UK therefore the company has not entered into any hedging agreements in respect of risks relating to trade debtors or creditors.

The interest rate on the commercial invoice financing agreement is 2.5% above the base rate, currently 0.75%, and therefore an increase in base rate will increase borrowing costs.

The company is reliant on the invoice financing facility and therefore there is a cash and liquidity risk. The bank is satisfied with the Company's financial performance and the Directors do not think that the position will alter.

This report was approved by the board of directors on 4 April 2019 and signed on behalf of the board by:



Mr D Shoosmith
Director

Registered office:
Walton Street
Sowerby Bridge
West Yorkshire
HX6 1AN

ABRAM PULMAN & SONS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

DIRECTORS

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

Mr D Shoesmith
Mrs M McHugh
Mrs A Wiggins
Mr J Horner

DIVIDENDS

Particulars of recommended dividends are detailed in note 13 to the financial statements.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has chosen to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

ABRAM PULMAN & SONS LIMITED

DIRECTORS' REPORT *(continued)*

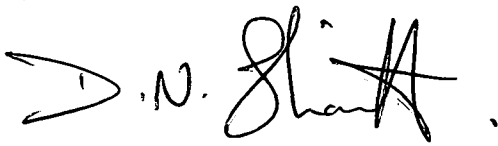
YEAR ENDED 31 DECEMBER 2018

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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.

This report was approved by the board of directors on 4 April 2019 and signed on behalf of the board by:



Mr D Shoosmith
Director

Registered office:
Walton Street
Sowerby Bridge
West Yorkshire
HX6 1AN

ABRAM PULMAN & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRAM PULMAN & SONS LIMITED

YEAR ENDED 31 DECEMBER 2018

OPINION

We have audited the financial statements of Abram Pulman & Sons Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- 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.

ABRAM PULMAN & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRAM PULMAN & SONS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2018

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

ABRAM PULMAN & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRAM PULMAN & SONS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2018

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

AUDITOR'S 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 auditor's 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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.



SALLY SHACKLOCK (Senior Statutory Auditor)

For and on behalf of
Spenser Wilson Ltd
Chartered accountants & statutory auditor
Equitable House
55 Pellon Lane
Halifax
West Yorkshire
HX1 5SP

4 April 2019

ABRAM PULMAN & SONS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
TURNOVER	4	12,698,383	11,236,770
Cost of sales		<u>8,993,399</u>	<u>7,836,322</u>
GROSS PROFIT		3,704,984	3,400,448
Distribution costs		2,919,732	2,959,490
Administrative expenses		388,061	308,748
Other operating income	5	<u>23,926</u>	<u>13,940</u>
OPERATING PROFIT	6	421,117	146,150
Other interest receivable and similar income	10	62	–
Interest payable and similar expenses	11	<u>95,757</u>	<u>102,325</u>
PROFIT BEFORE TAXATION		325,422	43,825
Tax on profit	12	<u>55,277</u>	<u>(9,369)</u>
PROFIT FOR THE FINANCIAL YEAR		270,145	53,194
Revaluation of tangible assets		–	(7,546)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		270,145	45,648

All the activities of the company are from continuing operations.

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

ABRAM PULMAN & SONS LIMITED

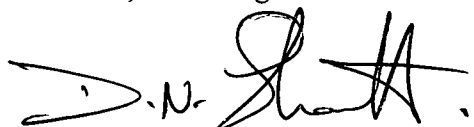
(Company registration number: 00056547)

STATEMENT OF FINANCIAL POSITION

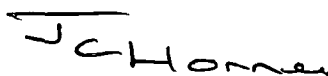
31 DECEMBER 2018

		2018		2017	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	14		3,554,520		3,288,383
CURRENT ASSETS					
Stocks	15	996,065		1,176,571	
Debtors	16	2,868,939		2,548,136	
Cash at bank and in hand		819,126		853,744	
		<u>4,684,130</u>		<u>4,578,451</u>	
CREDITORS: amounts falling due within one year	17	<u>4,375,170</u>		<u>3,931,159</u>	
NET CURRENT ASSETS			<u>308,960</u>		<u>647,292</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,863,480</u>		<u>3,935,675</u>
CREDITORS: amounts falling due after more than one year	18		814,655		808,087
PROVISIONS	20		<u>235,891</u>		<u>264,404</u>
NET ASSETS			<u><u>2,812,934</u></u>		<u><u>2,863,184</u></u>
CAPITAL AND RESERVES					
Called up share capital	25		7,020		7,020
Share premium account	26		188		188
Revaluation reserve	26		978,988		983,122
Capital redemption reserve	26		17,327		17,327
Profit and loss account	26		<u>1,809,411</u>		<u>1,855,527</u>
SHAREHOLDERS FUNDS			<u><u>2,812,934</u></u>		<u><u>2,863,184</u></u>

These financial statements were approved by the board of directors and authorised for issue on 4 April 2019, and are signed on behalf of the board by:



Mr D Shoesmith
Director



Mr J Horner
Director

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

ABRAM PULMAN & SONS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	Note	Called up share capital £	Share premium account £	Revaluation reserve £	Capital Redemption reserve £	Profit and loss account £	Total £
AT 1 JANUARY 2017		7,020	188	990,668	17,327	2,134,755	3,149,958
Profit for the year						53,194	53,194
Other comprehensive income for the year:							
Revaluation of tangible assets	14	—	—	(7,546)	—	—	(7,546)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		—	—	(7,546)	—	53,194	45,648
Dividends paid and payable	13	—	—	—	—	(332,422)	(332,422)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS		—	—	—	—	(332,422)	(332,422)
AT 31 DECEMBER 2017		7,020	188	983,122	17,327	1,855,527	2,863,184
Profit for the year						270,145	270,145
Other comprehensive income for the year:							
Reclassification from revaluation reserve to profit and loss account		—	—	(4,134)	—	4,134	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		—	—	(4,134)	—	274,279	270,145

The statement of changes in equity
continues on the following page.

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

ABRAM PULMAN & SONS LIMITED

STATEMENT OF CHANGES IN EQUITY *(continued)*

YEAR ENDED 31 DECEMBER 2018

	Note	Called up share capital £	Share premium account £	Revaluation reserve £	Capital Redemption reserve £	Profit and loss account £	Total £
Dividends paid and payable	13	—	—	—	—	(320,395)	(320,395)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS		—	—	—	—	(320,395)	(320,395)
AT 31 DECEMBER 2018		<u>7,020</u>	<u>188</u>	<u>978,988</u>	<u>17,327</u>	<u>1,809,411</u>	<u>2,812,934</u>

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

ABRAM PULMAN & SONS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	270,145	53,194
<i>Adjustments for:</i>		
Depreciation of tangible assets	291,812	277,457
Government grant income	(12,486)	(2,500)
Other interest receivable and similar income	(62)	—
Interest payable and similar expenses	95,757	102,325
Tax on profit	55,277	(9,369)
Accrued (income)/expenses	(31,017)	23,378
<i>Changes in:</i>		
Stocks	180,506	(267,834)
Trade and other debtors	(386,122)	4,441
Trade and other creditors	448,864	709,410
Cash generated from operations	912,674	890,502
Interest paid	(95,757)	(102,325)
Interest received	62	—
Tax paid	(14,066)	(21,789)
Net cash from operating activities	<u>802,913</u>	<u>766,388</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(557,949)	(338,846)
Net cash used in investing activities	<u>(557,949)</u>	<u>(338,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	146,309	74,668
Government grant income	12,486	2,500
Payments of finance lease liabilities	(117,982)	(140,556)
Dividends paid	(320,395)	(332,422)
Net cash used in financing activities	<u>(279,582)</u>	<u>(395,810)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(34,618)</u>	<u>31,732</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>853,744</u>	<u>822,012</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>819,126</u>	<u>853,744</u>

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

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Abram Pulman & Sons Ltd Registered No. 00056547 is a limited by shares company incorporated in England. The registered office is Walton Street, Sowerby Bridge, West Yorkshire, HX6 1AN.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 and 2. This also includes the company's objectives, policies and processes for managing its financial risk management objectives and its exposures to credit and liquidity risks.

The directors are satisfied that, taking account of the performance of the company since the year end and of reasonably possible changes in trading performance, the company should be able to operate within the working capital and financing available. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting estimates made in the preparation of these financial statements relate to the valuation of stock.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% straight line
Plant and machinery	- 10% reducing balance
Fixtures and fittings	- 10% & 25% straight line
Motor vehicles	- 25% reducing balance

Investment Property

Investment properties are accounted for in accordance with FRS102, as follows:

a) Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss. The most recent valuation by an independent, professionally qualified valuer was obtained at 24 December 2015. The directors are of the opinion that there has been no significant change in market value since that date.

b) No depreciation is provided in respect of investment properties. The surplus or deficit on revaluation is transferred to revaluation reserve unless a deficit below original cost, or its reversal, on an individual property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This treatment as regards the company's investment properties may be a departure from the requirements of the Companies Act concerning the depreciation of the fixed assets. However, these assets are not held for consumption, but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore 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 which might otherwise have been shown cannot be separately identified or quantified.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES *(continued)*

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES *(continued)*

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. TURNOVER

Turnover arises from:

	2018	2017
	£	£
Sale of goods	<u>12,698,383</u>	<u>11,236,770</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. OTHER OPERATING INCOME

	2018	2017
	£	£
Rental income	11,440	11,440
Government grant income	12,486	2,500
	<u>23,926</u>	<u>13,940</u>

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

6. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible assets	291,812	277,457
Cost of stocks recognised as an expense	8,993,400	7,836,322
Operating lease payments	37,022	32,351

7. AUDITOR'S REMUNERATION

	2018	2017
	£	£
Fees payable to Spenser Wilson Ltd		
Fees payable for the audit of the financial statements	5,000	5,000
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	500	500
Other non-audit services	7,205	4,850
	7,705	5,350

	2018	2017
	£	£
Fees payable to Sutcliffe & Riley		
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	—	1,360
Other non-audit services	—	1,570
	—	2,930

8. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Production staff	53	46
Administrative staff	29	32
	82	78

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

8. STAFF COSTS *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	1,950,973	1,796,718
Social security costs	180,863	164,716
Other pension costs	60,891	58,370
	<u>2,192,727</u>	<u>2,019,804</u>

9. DIRECTORS' REMUNERATION

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

	2018	2017
	£	£
Remuneration	33,680	29,440
Company contributions to defined contribution pension plans	20,000	26,400
	<u>53,680</u>	<u>55,840</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018	2017
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

10. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Interest on bank deposits	<u>62</u>	<u>-</u>

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Interest on banks loans and overdrafts	59,614	37,996
Interest on obligations under finance leases and hire purchase contracts	36,143	64,329
	<u>95,757</u>	<u>102,325</u>

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

12. TAX ON PROFIT

Major components of tax expense/(income)

	2018 £	2017 £
Current tax:		
UK current tax expense/(income)	18,471	(9,662)
Deferred tax:		
Origination and reversal of timing differences	36,806	293
Tax on profit	<u>55,277</u>	<u>(9,369)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.24%).

	2018 £	2017 £
Profit on ordinary activities before taxation	325,422	43,825
Profit on ordinary activities by rate of tax	61,830	8,432
Adjustment to tax charge in respect of prior periods	11,864	(11,864)
Effect of expenses not deductible for tax purposes	286	321
Effect of capital allowances and depreciation	4,990	8,463
Utilisation of tax losses	(64,920)	(15,014)
Loans to participators	4,421	—
Deferred tax	36,806	293
Tax on profit	<u>55,277</u>	<u>(9,369)</u>

13. DIVIDENDS

	2018 £	2017 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>320,395</u>	<u>332,422</u>

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

14. TANGIBLE ASSETS

	Freehold property £	Investment property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 Jan 2018	2,130,637	145,000	1,872,441	250,451	421,060	4,819,589
Additions	320,268	–	31,448	7,257	198,976	557,949
Transfers	70,000	(70,000)	–	–	–	–
At 31 Dec 2018	2,520,905	75,000	1,903,889	257,708	620,036	5,377,538
Depreciation						
At 1 Jan 2018	705,338	–	568,241	99,372	158,255	1,531,206
Charge for the year	22,257	–	135,204	44,372	89,979	291,812
At 31 Dec 2018	727,595	–	703,445	143,744	248,234	1,823,018
Carrying amount						
At 31 Dec 2018	1,793,310	75,000	1,200,444	113,964	371,802	3,554,520
At 31 Dec 2017	1,425,299	145,000	1,304,200	151,079	262,805	3,288,383

Included within the above is investment property as follows:

	£
At 1 January 2018 and 31 December 2018	75,000

The most recent valuation of the investment property by an independent, professionally qualified valuer was obtained at 24 December 2015. The directors are of the opinion that there has been no significant change in market value since that date.

Included in freehold property is £480,000 of land (2017 - £460,000) which is not depreciated.

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £	Motor vehicles £	Total £
At 31 December 2018	825,906	367,127	1,193,033
At 31 December 2017	950,286	217,440	1,167,726

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

15. STOCKS

	2018	2017
	£	£
Raw materials and consumables	<u>996,065</u>	<u>1,176,571</u>

16. DEBTORS

	2018	2017
	£	£
Trade debtors	2,792,823	2,403,173
Deferred tax asset	36,457	101,776
Prepayments and accrued income	25,219	31,323
Directors loan account	13,605	—
Other debtors	835	11,864
	<u>2,868,939</u>	<u>2,548,136</u>

17. CREDITORS: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	17,500	—
Trade creditors	2,577,295	2,516,233
Accruals and deferred income	27,306	58,373
Corporation tax	6,607	2,202
Social security and other taxes	190,958	106,250
Obligations under finance leases and hire purchase contracts	312,642	282,142
Director loan accounts	45,977	74,668
Invoice financing	1,196,885	891,291
	<u>4,375,170</u>	<u>3,931,159</u>

The invoice financing creditor is secured by a debenture with a fixed and floating charge on all assets of the company. Hire purchase creditors are secured on the fixed assets to which they relate.

18. CREDITORS: amounts falling due after more than one year

	2018	2017
	£	£
Bank loans and overdrafts	157,500	—
Accruals and deferred income	117,500	119,950
Obligations under finance leases and hire purchase contracts	539,655	688,137
	<u>814,655</u>	<u>808,087</u>

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

19. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2018	2017
	£	£
Not later than 1 year	312,642	282,142
Later than 1 year and not later than 5 years	539,655	688,137
	<u>852,297</u>	<u>970,279</u>

20. PROVISIONS

	Deferred tax (note 21)
	£
At 1 January 2018	264,404
Charge against provision	(28,513)
At 31 December 2018	<u>235,891</u>

21. DEFERRED TAX

The deferred tax included in the statement of financial position is as follows:

	2018	2017
	£	£
Included in debtors (note 16)	36,457	101,776
Included in provisions (note 20)	(235,891)	(264,404)
	<u>(199,434)</u>	<u>(162,628)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018	2017
	£	£
Accelerated capital allowances	235,891	264,404
Unused tax losses	(36,457)	(101,776)
	<u>199,434</u>	<u>162,628</u>

22. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £60,891 (2017: £58,370).

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

23. GOVERNMENT GRANTS

The amounts recognised in the financial statements for government grants are as follows:

	2018 £	2017 £
Recognised in creditors:		
Deferred government grants due within one year	2,500	2,550
Deferred government grants due after more than one year	117,500	119,950
	<u>120,000</u>	<u>122,500</u>
Recognised in other operating income:		
Government grants recognised directly in income	9,986	—
Government grants released to profit or loss	2,500	2,500
	<u>12,486</u>	<u>2,500</u>

24. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

	2018 £	2017 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,792,823	2,403,173
Other debtors	14,440	11,864
	<u>2,807,263</u>	<u>2,415,037</u>
Financial liabilities measured at amortised cost		
Trade creditors	2,577,296	2,516,233
Obligations under finance leases and hire purchase contracts	852,297	970,279
Invoice financing	1,196,885	891,291
Other creditors	239,120	238,943
Bank loans and overdrafts	175,000	—
	<u>5,040,598</u>	<u>4,616,746</u>

25. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary A shares of £5 each	804	4,020	804	4,020
Ordinary B shares of £5 each	200	1,000	200	1,000
Ordinary C shares of £5 each	200	1,000	200	1,000
Ordinary D shares of £5 each	200	1,000	200	1,000
	<u>1,404</u>	<u>7,020</u>	<u>1,404</u>	<u>7,020</u>

ABRAM PULMAN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

26. RESERVES

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

27. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	26,899	38,570
Later than 1 year and not later than 5 years	40,329	52,233
	<u>67,228</u>	<u>90,803</u>

28. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year the directors entered into the following advances and credits with the company:

	2018		
	Balance brought forward	Advances/ (credits) to the directors	Balance outstanding
	£	£	£
Mr D Shoesmith	—	13,605	<u>13,605</u>

The above loans are unsecured, interest free and repayable on demand.