

Company Registration No. 00057091 (England and Wales)

**FURLONG MILLS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# FURLONG MILLS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr B W J Phillips Mr M J Roper Mr R E Gruning Mr D M Dudson Mr M S Nutting
<b>Secretary</b>	Mr R E Gruning
<b>Company number</b>	00057091
<b>Registered office</b>	Furlong Lane Burslem Stoke-on-Trent Staffordshire ST6 3LE
<b>Auditor</b>	Geens Limited 68 Liverpool Road Stoke-on-Trent Staffordshire ST4 1BG

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# **FURLONG MILLS LIMITED**

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# FURLONG MILLS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their strategic report for the year ended 31 December 2016.

### **Fair review of the business**

Furlong Mills Ltd has an ongoing philosophy of securing the supply chain to ceramic manufacturers with continuous investment in people, plant and machinery which enables the company to supply consistent high quality processed raw materials.

The company promotes an honest and open working relationship with its customer base with a focus on driving the business forward through technical innovation. High raw material stock holding enables the company to meet customer on demand expectations.

### **Principal risks and uncertainties**

The company assesses risks to the business on an ongoing basis as a matter of course.

Investments risk - Cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the board.

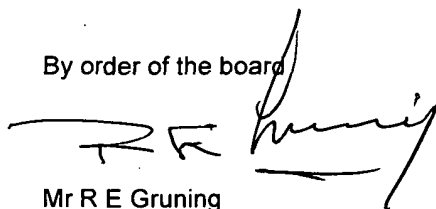
Credit risk - All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Currency risk - The company is exposed to foreign currency risk on transactions denominated in a foreign currency. To manage this risk the company enters into forward foreign currency contracts.

### **Key performance indicators**

The company maintains its ISO "9001" 2008 standard with six monthly assessments and has a number of key performance indicators in place which monitor the performance of all departments.

By order of the board



Mr R E Gruning  
**Secretary**  
27 April 2017

# **FURLONG MILLS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and financial statements for the year ended 31 December 2016.

### **Principal activities**

The principal activity of the company continued to be that of supplying processed materials to the ceramic industry.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B W J Phillips  
Mr M J Roper  
Mr R E Gruning  
Mr D M Dudson  
Mr M S Nutting

### **Results and dividends**

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

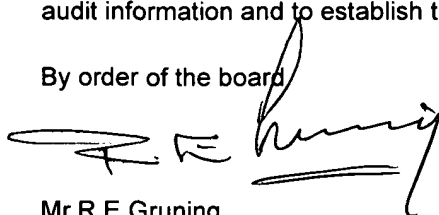
### **Auditor**

In accordance with the company's articles, a resolution proposing that Geens Limited be reappointed as auditors of the company will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



Mr R E Gruning  
**Secretary**  
27 April 2017

# **FURLONG MILLS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2016***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# **FURLONG MILLS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FURLONG MILLS LIMITED**

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We have audited the financial statements of Furlong Mills Limited for the year ended 31 December 2016 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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. 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.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

# **FURLONG MILLS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FURLONG MILLS LIMITED**

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### **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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Karen Lowe FCA BSc (Hons) (Senior Statutory Auditor)**  
for and on behalf of Geens Limited

28 April 2017

**Chartered Accountants**  
**Statutory Auditor**

68 Liverpool Road  
Stoke on Trent  
Staffordshire  
ST4 1BG



# FURLONG MILLS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
<b>Turnover</b>	<b>3</b>	8,236,809	8,151,718
Cost of sales		(6,860,783)	(6,803,463)
<b>Gross profit</b>		<u>1,376,026</u>	<u>1,348,255</u>
Distribution costs		(243,055)	(208,858)
Administrative expenses		(611,008)	(647,577)
Other operating income		3,621	2,551
<b>Operating profit</b>	<b>4</b>	<u>525,584</u>	<u>494,371</u>
Interest receivable and similar income	<b>7</b>	889	1,890
Interest payable and similar expenses	<b>8</b>	(299)	(325)
<b>Profit before taxation</b>		<u>526,174</u>	<u>495,936</u>
Taxation	<b>9</b>	(93,902)	(100,140)
<b>Profit for the financial year</b>		<u><u>432,272</u></u>	<u><u>395,796</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# FURLONG MILLS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	10		2,858,533		2,600,199
<b>Current assets</b>					
Stocks	12	1,112,018		1,101,205	
Debtors	13	1,220,897		1,251,121	
Cash at bank and in hand		1,227,619		1,659,232	
		<u>3,560,534</u>		<u>4,011,558</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,839,199)</u>		<u>(1,666,587)</u>	
<b>Net current assets</b>			1,721,335		2,344,971
<b>Total assets less current liabilities</b>			<u>4,579,868</u>		<u>4,945,170</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(2,172)		(3,913)
<b>Provisions for liabilities</b>	17		<u>(150,629)</u>		<u>(109,174)</u>
<b>Net assets</b>			<u><u>4,427,067</u></u>		<u><u>4,832,083</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		6,240		7,540
Capital redemption reserve	21		4,160		2,860
Profit and loss reserves			<u>4,416,667</u>		<u>4,821,683</u>
<b>Total equity</b>			<u><u>4,427,067</u></u>		<u><u>4,832,083</u></u>

The financial statements were approved by the board of directors and authorised for issue on 27 April 2017 and are signed on its behalf by:

  
Mr B W J Phillips  
Director

  
Mr R E Gruning  
Director

Company Registration No. 00057091

# FURLONG MILLS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		7,540	2,860	4,425,887	4,436,287
<b>Year ended 31 December 2015:</b>					
Profit and total comprehensive income for the year		-	-	395,796	395,796
<b>Balance at 31 December 2015</b>		7,540	2,860	4,821,683	4,832,083
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	432,272	432,272
Own shares acquired		-	-	(837,288)	(837,288)
Redemption of shares	20	(1,300)	1,300	-	-
<b>Balance at 31 December 2016</b>		6,240	4,160	4,416,667	4,427,067

# FURLONG MILLS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	825,126		841,786	
Interest paid		(299)		(325)	
Income taxes refunded/(paid)		15,137		(71,926)	
<b>Net cash inflow from operating activities</b>		<u>839,964</u>		<u>769,535</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(433,542)		(1,069,974)	
Proceeds on disposal of tangible fixed assets		-		5,030	
Interest received		889		1,890	
<b>Net cash used in investing activities</b>		<u>(432,653)</u>		<u>(1,063,054)</u>	
<b>Financing activities</b>					
Purchase of own shares		(837,288)		-	
(Payment)/ receipt of finance leases obligations		(1,636)		5,549	
<b>Net cash (used in)/generated from financing activities</b>		<u>(838,924)</u>		<u>5,549</u>	
<b>Net decrease in cash and cash equivalents</b>		<u>(431,613)</u>		<u>(287,970)</u>	
Cash and cash equivalents at beginning of year		1,659,232		1,947,202	
<b>Cash and cash equivalents at end of year</b>		<u><u>1,227,619</u></u>		<u><u>1,659,232</u></u>	

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

#### Company information

Furlong Mills Limited is a private company limited by shares incorporated in England and Wales. The registered office is Furlong Lane, Burslem, Stoke-on-Trent, Staffordshire, ST6 3LE.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT, trade and other discounts.

All turnover and profits are derived from the company's principal activity of supplying processed materials to the ceramic industry.

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

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2% per annum
Plant and machinery	7% per annum
Laboratory, computer and office equipment	20% per annum
Motor vehicles	25% per annum on net book value

No depreciation is provided on freehold land.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

##### 1.5 Impairment of fixed assets

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of tangible fixed assets over its estimated recoverable amount is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.9 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.10 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.11 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.



# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property, plant and equipment, and note 1.4 for the useful economic lives of each class of assets.

#### **Inventory provisioning**

The company supplies processed materials to the ceramic industry. As a result it is necessary to consider the recoverability of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods. See note 12 for the net carrying amount of stock and associated provision.

#### **Impairment of debtors**

The company makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Sale of Goods	8,236,809	8,151,718
	<u>          </u>	<u>          </u>
<b>Other significant revenue</b>		
Interest income	889	1,890
	<u>          </u>	<u>          </u>

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 3 Turnover and other revenue (Continued)

#### Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	8,211,961	8,129,282
European Union	24,848	22,436
	<u>8,236,809</u>	<u>8,151,718</u>

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	9,450	9,000
Depreciation of owned tangible fixed assets	174,729	151,047
Depreciation of tangible fixed assets held under finance leases	479	359
Operating lease charges	<u>43,629</u>	<u>47,132</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Management and directors	5	5
Staff	10	10
Direct labour	34	37
	<u>49</u>	<u>52</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,205,052	1,203,234
Social security costs	103,346	98,794
Pension costs	37,447	34,543
	<u>1,345,845</u>	<u>1,336,571</u>

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	159,823	162,689
Company pension contributions to defined contribution schemes	14,786	14,054
Sums paid to third parties for directors' services	52,500	43,750
	<u>227,109</u>	<u>220,493</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

### 7 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	889	1,890
	<u>889</u>	<u>1,890</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	889	1,890
	<u>889</u>	<u>1,890</u>

### 8 Interest payable and similar expenses

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	299	325
	<u>299</u>	<u>325</u>

### 9 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	68,484	900
Adjustments in respect of prior periods	(16,037)	(9,934)
Total current tax	<u>52,447</u>	<u>(9,034)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	41,455	109,174
	<u>41,455</u>	<u>109,174</u>
Total tax charge	<u>93,902</u>	<u>100,140</u>

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	526,174	495,936
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	105,235	99,187
Tax effect of expenses that are not deductible in determining taxable profit	800	-
Permanent capital allowances in excess of depreciation	(37,550)	(98,287)
R&D Tax credit	(16,037)	(9,934)
Deferred taxation for the year	41,454	109,174
Taxation charge for the year	93,902	100,140

### 10 Tangible fixed assets

	Freehold buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2016	3,144,407	5,162,663	8,307,070
Additions	2,504	431,038	433,542
At 31 December 2016	3,146,911	5,593,701	8,740,612
<b>Depreciation and impairment</b>			
At 1 January 2016	2,009,302	3,697,569	5,706,871
Depreciation charged in the year	19,792	155,416	175,208
At 31 December 2016	2,029,094	3,852,985	5,882,079
<b>Carrying amount</b>			
At 31 December 2016	1,117,817	1,740,716	2,858,533
At 31 December 2015	1,135,105	1,465,094	2,600,199

The carrying value of land and buildings comprises:

	2016 £	2015 £
Freehold	242,188	242,188

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 10 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	6,000	6,479
Depreciation charge for the year in respect of leased assets	479	359

### 11 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,093,523	1,129,009
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,557,992	1,456,217

#### Derivative financial instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency trade creditors. As at 31st December 2016 the company was not committed to purchase any foreign currency within the next 12 months. As at 31 December 2015 the company was committed to buy €1,139,000 - £875,106 within 12 months.

### 12 Stocks

	2016 £	2015 £
Raw materials and consumables	927,315	935,265
Work in progress	19,079	19,053
Finished goods and goods for resale	165,624	146,887
	1,112,018	1,101,205

### 13 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,093,523	1,129,009
Prepayments and accrued income	127,374	122,112
	1,220,897	1,251,121

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 14 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Obligations under finance leases	16	1,741	1,636
Trade creditors		1,454,611	1,310,599
Corporation tax		68,484	900
Other taxation and social security		214,895	213,383
Other creditors		1,102	980
Accruals and deferred income		98,366	139,089
		<u>1,839,199</u>	<u>1,666,587</u>

### 15 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Obligations under finance leases	16	<u>2,172</u>	<u>3,913</u>

### 16 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	1,741	1,636
In two to five years	2,172	3,913
	<u>3,913</u>	<u>5,549</u>

The obligations under hire purchase agreements are secured on the assets to which they relate.

### 17 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	18	<u>150,629</u>	<u>109,174</u>
		<u>150,629</u>	<u>109,174</u>

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
<b>Balances:</b>		
Accelerated capital allowances	150,629	109,174

### 19 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	37,447	34,543

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 20 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
6,240 Ordinary shares of £1 each	6,240	7,540

### 21 Capital redemption reserve

On 26 May 2016, 1,300 ordinary shares with an aggregate value of £1,300 were purchased by the company and subsequently cancelled. The ordinary shares were acquired for a consideration of £837,288 at an average price of £640.86. The consideration includes the price paid for the shares plus stamp duty.

# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	3,546	30,631
Between two and five years	109,988	63,222
In over five years	125,351	-
	<u>238,885</u>	<u>93,853</u>

### 23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2016 £	2015 £
Acquisition of tangible fixed assets	-	79,400
	<u>-</u>	<u>79,400</u>

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016 £	2015 £
Aggregate compensation	<u>165,858</u>	<u>167,992</u>

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods 2016 £	2015 £
Shareholder companies	<u>4,495,695</u>	<u>4,215,738</u>



# FURLONG MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 24 Related party transactions

(Continued)

	Management charge	
	2016	2015
	£	£
Shareholder companies	52,500	43,750

The following amounts were outstanding at the reporting end date:

	2016	2015
	£	£
<b>Amounts owed to related parties</b>		
Shareholder companies	91,241	72,556
<b>Amounts owed by related parties</b>		
Shareholder companies	-	68,463

### 25 Cash generated from operations

	2016	2015
	£	£
Profit for the year after tax	432,272	395,796
<b>Adjustments for:</b>		
Taxation charged	93,902	100,140
Finance costs	299	325
Investment income	(889)	(1,890)
Depreciation and impairment of tangible fixed assets	175,208	151,406
<b>Movements in working capital:</b>		
(Increase) in stocks	(10,813)	(53,266)
Decrease in debtors	30,224	161,701
Increase in creditors	104,923	87,574
<b>Cash generated from operations</b>	<b>825,126</b>	<b>841,786</b>