A H Baldwin & Sons Limited

Report and financial statements

Year Ended

31 March 2016

Company Number: 00162789

A H Baldwin & Sons Limited

Report and financial statements
for the year ended 31 March 2016

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Country of incorporation of parent company

United Kingdom

Legal form

Limited Company

Principal place of business

United Kingdom

Directors

R Warren
T Francis
A Gee
R Purkis
H G Wilson
A Cook
N R Paisley

Secretary

Mr R K Purkis

A H Baldwin & Sons Limited

Report and financial statements
for the year ended 31 March 2016

Registered office

399 Strand
London
WC2R 0LX

Company number

00162789

Auditors

BDO LP
55 Baker Street
London
W1U 7EU

A H Baldwin & Sons Limited

Strategic report
for the year ended 31 March 2016

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2016.

Strategy

Our strategy continues to be to build a global presence in the collectibles world to include, but not be limited to, coins, stamps, banknotes, tokens and medals. The company has a strong customer database of approximately 45,000 although some clients are more active than others. As mentioned previously, it is estimated that there are over 30 million stamp enthusiasts worldwide and well over 10 million coin collectors. Our strategy is to continue to attract these collectors to our Company and new website by offering as large a cross section of stock as possible. We are therefore continually looking to take on specialists in order to expand our product range.

Principal activities

The principal activities of the Company continue to be that of dealers of collectibles.

Our auction business was the key driver during the period and has again started the current financial year with a significant order book of important consignments. Demand for high quality rare items continued to outstrip supply which resulted in lower retail figures as more sellers chose the auction route. The retail division still produced a significant contribution to the overall performance of the Company.

Financial review

Trading performance was specifically held back by lower levels of auction consignments compared to the prior year, but still delivered a reasonable trading performance through stronger retail and trade sales, reflecting the strength of the market for rare coins at this time. Last year's profit included a one off £3,439k profit on the disposal of a fixed asset.

Key performance indicators

Turnover amounted to £11,796k in the reporting period relative to £12,117k in the year ended 31 March 2015.

Operating profits amounted to £1,624k in the reporting period relative to £2,512k in the year ended 31 March 2015.

There were 22 auctions held in the reporting period and 27 in the year ended 31 March 2015.

As at 31 March 2016 the Company held £2,460k in cash (2015: £4,385k) and maintained a healthy balance sheet with net assets of £16,295k (2015: £14,671k)

Future developments

On 6 January 2017, the Company launched a corporate joint-venture with St James's Auctions, the well-established numismatic auction house. As such, the directors expect the general level of activity to decrease compared to 2016 in the forthcoming year as a result of the auctions business transferring into the new joint venture.

Details of significant events since the balance sheet date are contained in note 17 to the financial statements.

Approval

This strategic report was approved by order of the Board on 30 May 2017.

Secretary

Richard Purkis

A H Baldwin & Sons Limited

Report of the directors
for the year ended 31 March 2016

The directors present their report together with the audited financial statements for the year ended 31 March 2016.

Directors

The directors of the company throughout the year and to the date of this report were:

R Warren
T Francis
E Baldwin (resigned 21 October 2015)
I Goldbart (resigned 16 November 2015)
P Swanston (appointed 16 November 2015, resigned 17 March 2016)
S Hill (resigned 2 July 2016)
S Freeman (resigned 22 December 2016)
A Gee (appointed 16 November 2015)
R Purkis (appointed 16 November 2015)
HG Wilson (appointed 30 December 2016)
A Cook (appointed 30 December 2016)
N R Paisley (appointed 30 December 2016)

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors the company which was in force at the date the date of approval of this report.

Change in accounting framework

The company has adopted FRS 101 "Reduced Disclosure Framework" for the first time this year. In previous years, the company has applied applicable UK accounting standards. The impact of this change is described in note 18.

Dividends

No interim dividends were paid during the financial year ending 31 March 2016, and no final dividends have been proposed (2015: £Nil).

Going concern

Despite the company being profitable, as at 31 March 2016, the Group has been in breach of banking covenants associated with its loan facilities, in regards to a technical default as a result of the qualified audit report on the Group consolidated financial statements for the year ended 31 March 2016, as well as default on its net asset covenant test as set out in note 15 of those financial statements. These breaches have been subsequently remedied and the directors have received the following statement from the Group's directors "The Group's forecast shows that, it will remain in compliance with its banking covenants for the foreseeable period, with the exception of any default in respect of any potential claim arising from the contingent liabilities relating to the investment plans, and that it will have access to sufficient liquidity. However the forecasts are dependent upon the liabilities and contingent liabilities, particularly in relation to investment plans redemption profiles, not materialising at a level greater than forecast and trading developing in line with the expectations of management. The directors acknowledge that these are considered material uncertainties which may cast doubt on the Group's ability to continue as a going concern. The directors have anticipated a number of mitigating courses of actions, including accelerated asset sales, further cost cutting measures and pursuing overdue debt and ultimately they believe that if necessary the Group would have the support of alternative capital providers whether it be equity or debt or a combination of both. Having regard to the matters above and after making reasonable enquiries and taking account of uncertainties outlined above, the directors have a reasonable expectation that the Group has access to adequate resource to continue operations and to meet its liabilities, as and when they fall due, for the foreseeable future."

Going concern (continued)

As set out in note 16, the Company is also party to a Group Inter-Company guarantee in respect of the Group's loan facilities.

The Company's Directors have received a letter of support from its parent company stating that it will not demand repayment of the amounts due to it from the Company for a period of not less than 12 months from the date of approval of these financial statements.

The directors acknowledge that the above risks are considered as material uncertainties that may cast significant doubt on the Group's, and therefore the company's, ability to continue as a going concern. However, after making reasonable enquiries and taking account of uncertainties discussed above and the support from its immediate parent, the directors have a reasonable expectation that the Company has access to adequate resources to continue operations and to meet its liabilities, as and when they fall due, for the foreseeable future. For that reason, they continue to adopt the going concern basis in the preparation of the accounts.

Financial Instruments

The Company principally finances its operations through cash generation from its principal activities and support of its ultimate parent Company.

Interest rate risk

Credit risk is the risk of financial loss to the Company if a customer or contractual party to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. In order to manage risk the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of any exposure to any individual counterparty is subject to a limit which is regularly reviewed by the Directors.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised in the statement of financial position as noted in the above table.

The Directors of the Company consider that all the above financial assets for each of the statement of financial position dates under review are of a good credit quality, including those past due settlement dates

Interest rate risk

The Company finances its operations through a combination of intercompany loans and through the generation of cash from operating activities. Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

Liquidity/cash flow risk

Liquidity risk arises from the Company's management of its working capital and the finance charges. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Company's liquidity risk is managed by the Group finance function. Budgets and forecasts are prepared throughout the year for the Directors. However the forecasts are dependent upon the liabilities and contingent liabilities not materialising at a level greater than forecast and trading improving from its current level in line with management's expectations.

Future developments

Details of the future development that have occurred after the balance sheet date can be found in the strategic report on page 1 and form part of the report by cross-reference.

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), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") 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.

Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

Approval

This directors' report was approved by order of the Board on 30 May 2017.

Company Secretary
Richard Purkis

TO THE MEMBERS OF A H BALDWIN & SONS LIMITED

We have audited the financial statements of A H Baldwin & Sons Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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. 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is party to a group inter-company guarantee in respect of the Group's loan facilities. As set out in note 1 the directors understand that the Group's forecasts shows that it will remain in compliance with its banking covenants for the foreseeable period and that it will have access to sufficient liquidity. However the forecasts are dependent upon the liabilities and contingent liabilities not materialising at a level greater than forecast and trading improving from its current level in line with management's expectations. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's, and therefore the company's, ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

BDO LLP.

Anthony Perkins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London 30/5/17

A H Baldwin & Sons Limited

Statement of comprehensive income
for the year ended 31 March 2016

	Note	2016	2015
		£'000	£'000
Turnover	3	11,796	12,117
Cost of sales		(7,421)	(6,872)
Gross profit		4,375	5,245
Administrative expenses		(2,751)	(2,733)
Operating profit		1,624	2,512
Profit on disposal of fixed assets		-	3,439
Interest receivable and similar income		-	3
Profit on ordinary activities before taxation		1,624	5,954
Taxation on profit on ordinary activities	7	-	(694)
Profit and total comprehensive income for the year		1,624	5,260

A H Baldwin & Sons Limited

Balance sheet
at 31 March 2016

	Note	31 March 2016 £'000	31 March 2015 £'000
Fixed assets			
Tangible assets	8	**133**	173
		133	173
Current assets			
Stocks	9	**7,737**	7,988
Debtors	10	**14,583**	11,095
Cash at bank and in hand		**2,460**	4,385
		24,780	23,468
Creditors: amounts falling due within one year	11	**(8,527)**	(8,879)
Net current assets		**16,253**	14,589
Total assets less current liabilities		**16,686**	14,762
Provisions for liabilities	12	**(91)**	(91)
Net assets		**16,295**	14,671
Capital and reserves			
Share capital	13	**10**	10
Retained earnings		**16,285**	14,661
Shareholders' funds		**16,295**	14,671

The financial statements of A H Baldwin & Sons Limited (registered number 00162789) were approved and authorised for issue by the Board of Directors on 30 May 2017 and were signed on its behalf by:

A Gee
Director

The notes on pages 10 to 21 form part of these financial statements.

A H Baldwin & Sons Limited

Statement of changes in equity
for the year ended 31 March 2016

	Share capital £'000	Revaluation Reserve £'000	Retained earnings £'000	Total £'000
1 April 2014	10	712	8,689	9,411
Comprehensive income for the year				
Profit for the year	-	-	5,260	5,260
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	5,260	5,260
Transfer to profit and loss		(712)	712	-
At 31 March 2015	10	-	14,661	14,671
1 April 2015	10	-	14,661	14,671
Comprehensive income for the year				
Profit for the year	-	-	1,624	1,624
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,624	1,624
At 31 March 2016	10	-	**16,285**	**16,285**

The notes on pages 10 to 21 form part of these financial statements.

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework*. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Stanley Gibbons Group plc (Jersey).

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Stanley Gibbons Group plc. These financial statements do not include certain disclosures in respect of:

- Business combinations;
- Assets held for sale and discontinued operations;
- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

The financial statements of Stanley Gibbons Group plc. can be obtained as described in note 17.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Going concern

Despite the company being profitable, as at 31 March 2016, the Group has been in breach of banking covenants associated with its loan facilities, in regards to a technical default as a result of the qualified audit report on the Group consolidated financial statements for the year ended 31 March 2016, as well as default on its net asset covenant test as set out in note 15 of those financial statements.

1 Accounting policies *(continued)*

Going concern (continued)

These breaches have been subsequently remedied and the directors have received the following statement from the Group's directors "The Group's forecast shows that, it will remain in compliance with its banking covenants for the foreseeable period, with the exception of any default in respect of any potential claim arising from the contingent liabilities relating to the investment plans, and that it will have access to sufficient liquidity. However the forecasts are dependent upon the liabilities and contingent liabilities, particularly in relation to investment plans redemption profiles, not materialising at a level greater than forecast and trading developing in line with the expectations of management. The directors acknowledge that these are considered material uncertainties which may cast doubt on the Group's ability to continue as a going concern. The directors have anticipated a number of mitigating courses of actions, including accelerated asset sales, further cost cutting measures and pursuing overdue debt and ultimately they believe that if necessary the Group would have the support of alternative capital providers whether it be equity or debt or a combination of both. Having regard to the matters above and after making reasonable enquiries and taking account of uncertainties outlined above, the directors have a reasonable expectation that the Group has access to adequate resource to continue operations and to meet its liabilities, as and when they fall due, for the foreseeable future."

As set out in note 16, the Company is also party to a Group Inter-Company guarantee in respect of the Group's loan facilities.

The Company's Directors have received a letter of support from its parent company stating that it will not demand repayment of the amounts due to it from the Company for a period of not less than 12 months from the date of approval of these financial statements.

The directors acknowledge that the above risks are considered as material uncertainties that may cast significant doubt on the Group's, and therefore the company's, ability to continue as a going concern. However, after making reasonable enquiries and taking account of uncertainties discussed, the directors have a reasonable expectation that the Company has access to adequate resources to continue operations and to meet its liabilities, as and when they fall due, for the foreseeable future. For that reason, they continue to adopt the going concern basis in the preparation of the accounts.

First time application of FRS 100 and 101

In the current year the company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards. The changes in the basis of preparation have not materially altered the recognition and measurements requirements applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from prior years.

Tangible assets

Tangible assets are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Fixtures, fittings & equipment	-	10-25%
Vehicles	-	20-25%

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

1 Accounting policies *(continued)*

Stocks

Inventory is valued at the lower of cost and net realisable value. Cost comprises all costs of purchase, including auction buyers' premium where applicable. Where necessary, provision is made for slow-moving and damaged stock. This provision represents the difference between the cost of the stock and its estimated market value, based upon stock turn rates, market conditions and trends in consumer demand. For rare collectibles and antiques this includes monitoring of sales of similar items and a degree of judgement being applied by our specialists as to the relevance for items held in stock.

Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

Other than financial assets in a qualifying hedging relationship, the company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents comprise cash held by the company and short term bank deposits with an original maturity of three months or less. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial liabilities

The company classifies its financial liabilities, depending on the purpose for which the liability was acquired.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

1 Accounting policies *(continued)*

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

Leased assets

When substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Taxation

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

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of comprehensive income 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax relating to charges made directly to equity is recognised in other comprehensive income.

Recoverability of trade debtors

Trade debtors are amounts due from customers of the Company who have been extended credit terms. The management of the Company review the trading history and credit worthiness of the individual before offering suitable credit terms. The Directors also review all debts that are overdue to assess their ability to be collected. The Directors apply a judgment to those debts that are overdue and impair those that they believe are not recoverable.

Foreign currency

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

1 Accounting policies *(continued)*

Turnover

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods or services provided. Revenue is recognised upon the delivery of goods or performance of services. Amounts recognised in the accounts in advance of invoicing are recorded, on the basis of an assessment of the value of services provided or commission earned, in trade and other receivables as accrued income. All revenue recognised excludes value added tax.

Retail

Goods sold or services provided are recognised when risk and reward of ownership is transferred to the customer and in the case of goods, when they are dispatched or held to client's instructions. Approvals or "sale or return" transactions are recognised as revenue only when the client has paid or committed to purchase the relevant goods.

Auction commissions

At auctions held by the Company, both directly and with its partners where appropriate, revenue is recognised at the time of the auction when the hammer price is agreed in respect of vendors' commissions and buyers' premiums, together with any other ancillary charges.

Other goods and services

All other fees and other income receivable and management services are recognised in the period to which they relate.

Recoverability of trade debtors

Trade debtors are amounts due from customers of the Company who have been extended credit terms. The management of the Company review the trading history and credit worthiness of the individual before offering suitable credit terms. The Directors also review all debts that are overdue to assess their ability to be collected. The Directors apply a judgment to those debts that are overdue and impair those that they believe are not recoverable.

Retirement benefits: Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions are recognised as an employee benefit expense in the statement of comprehensive income in the year when they are due.

Profit from operations

Profit from operations comprises the results of the company before interest receivable and similar income, interest payable and similar charges, corporation tax and deferred tax.

Dividends payable

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

2 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Inventory valuation

Inventory is valued at the lower of cost and net realisable value. Cost comprises all costs of purchase, including auction buyers premium where applicable. Where necessary, provision is made for slow-moving and damaged stock. This provision represents the difference between the cost of the stock and its estimated market value, based upon stock turn rates, market conditions and trends in consumer demand. For rare collectibles this includes monitoring of sales of similar items and a degree of judgement being applied by our specialists as to the relevance for items held in stock.

Trade receivables

The company makes an estimate of the recoverable value of trade debtors, amounts due from group companies and other debtors. When assessing impairment of their debtors, management consider factors including the ageing profile of the debtors and historical experience.

3 Turnover

	2016 £'000	2015 £'000
Analysis of turnover by country of destination:		
United Kingdom	**6,514**	7,310
Channel Islands	**1,825**	1,179
Europe	**535**	2,554
Rest of World	**2,922**	1,074
	11,796	12,117
Analysis of turnover by class of business:		
Retails sales	**10,404**	9,617
Auctions	**1,392**	2,500
	11,796	12,117

4 Expenses by nature

	2016 £'000	2015 £'000
Cost of stock recognised as an expense	**7,421**	6,872
Auditors remuneration – Company's annual accounts	**22**	10
Staff costs (see note 5)	**713**	1,006
Depreciation of tangible assets (see note 8)	**53**	96

5 Employees

Staff costs (including directors) comprise:

	2016 £'000	2015 £'000
Wages and salaries	**620**	885
Social security costs	**70**	97
Other pension costs	**23**	24
	713	1,006

The pension cost is analysed as follows:

Defined contribution scheme	**23**	24
Pension cost	**23**	24

A defined contribution pension scheme is operated by the company on behalf of the employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund amounted to £23,400 (2015 - £23,527).

The average number of employees (including directors) during the year was as follows:

	2016 Number	2015 Number
Sales	**14**	14
Administrative	**10**	9
	24	23

6 Directors' remuneration

	2016 £'000	2015 £'000
Total current tax expense		
Directors' emoluments	**366**	363
Company contributions to pension schemes	**20**	15
	386	378

The highest paid director received £108k (2015: £104k) of emoluments. No contributions were made by the company in respect of money purchase pension schemes in the year (2015: £8k).

The directors are considered the only key management personal.

7 Tax expense

(a) Analysis of charge in year

	2016 £'000	2015 £'000
Current tax on profits for the year		
Current tax:		
UK Corporation Tax	-	694
Deferred taxation	-	-
	-	694

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2015 – lower) than the standard rate of corporation tax in the UK of 20% (2015 - 21%).

	2016 £	*2015* £
Profit on ordinary activities before taxation	1,624	5,954
Profit on ordinary activities by rate of tax	325	1,250
Effects of:		
Expenses not deductible for tax purposes	36	2
Depreciation in excess of capital allowances	8	194
Sale of property	-	(221)
Group relief claimed	(369)	531
Total current tax	-	694

8 Tangible assets

	Motor Vehicle £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
Balance at 1 April 2015	21	559	580
Additions	-	20	20
Disposals	(21)	(190)	(211)
Balance at 31 March 2016	-	**389**	**389**
Accumulated depreciation			
Balance at 1 April 2015	11	396	407
Charge for the year	3	50	53
Disposals	(14)	(190)	(204)
Balance at 31 March 2016	**-**	**256**	**256**
Net book value			
At 31 March 2016	-	**133**	**133**
At 31 March 2015	10	163	173

9 Stocks

	2016 £'000	2015 £'000
Finished goods and goods for resale	**7,737**	7,988
	7,737	7,988

There is no material difference between the balance sheet value of stocks and their replacement cost.

10 Debtors

	2016 £'000	2015 £'000
Debtors due within one year:		
Trade debtors	**1,123**	813
Amounts due from group undertakings	**13,404**	10,125
Other debtors	**43**	131
Prepayments and accrued income	**13**	26
	14,583	11,095

11 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	**1,583**	1,782
Amounts owed to group undertakings	**5,818**	5,953
Corporation tax	**103**	403
Taxation and social security	**932**	685
Other creditors	**24**	15
Accruals and deferred income	**67**	42
	8,527	8,879

12 Provisions for liabilities

	Deferred tax liability £'000	Total £'000
Provision at 1 April 2015 and 31 March 2016	**91**	**91**

13 Share capital

	Authorised			
	2016 Number	2016 £'000	2015 Number	2015 £'000
Ordinary shares of £1 each	**10,000**	**10**	10,000	10

	Allotted, called up and fully paid			
	2016 Number	2016 £'000	2015 Number	2015 £'000
Ordinary shares of £1 each	**9,952**	**10**	9,952	10

14 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	All other net gains and losses and transactions with owners (eg dividends) not recognised elsewhere.
Revaluation reserve	The revaluation reserve relates to the reserve movement in respect of the revaluation of property, plant and equipment and available for sale financial assets.

15 Related party transactions

Material contracts entered into by, or ongoing between, members of The Stanley Gibbons Group plc, the parent company, and related parties are detailed in the Group Financial Statements.

The Company has chosen to take the exemption provided by FRS 101 paragraph 8 (j) and has not disclosed transactions that have taken place with other members.

16 Contingent liabilities

The Company is party to a Group Inter-Company guarantee in respect of the Group's £9m loan facilities, secured by a charge dated 26 September 2014 over the assets of the Company in favour of National Westminster Bank plc.

17 Subsequent events

Following the resignation of Baldwin's Managing Director, who left the business in November 2015, a new Managing Director, Neil Paisley, joined on 19 September 2016.

On 6 January 2017, the Company launched a corporate joint-venture with St James's Auctions, the well-established numismatic auction house. The new auction business will trade as Baldwin's of St James's.

From this date all the Company's inventory and third party inventory will be auctioned through the joint venture. This is not expected to have a significant impact in the forthcoming year.

18 First time adoption of FRS 101 Reduced Disclosure Framework

This is the first time that the company has adopted FRS 101 having previously applied applicable UK accounting standards.

The date of transition to FRS 101 was 1 April 2015.

In applying FRS 101 for the first time the company has made the following elections:

- To retain the carrying amounts of property, plant and equipment at the previous carrying amounts under applicable UK accounting standards

No material effect of applying FRS 101 for the first time

Other than the adoption of the reduced disclosures there was no material effect of applying FRS 101 for the first time. The disclosure exemptions adopted are included in note 1 to the financial statements.

19 Ultimate parent company and control

The ultimate holding company and controlling party is Stanley Gibbons Group plc, a company registered in Jersey, Channel Islands. Noble Investments (UK) Limited is the immediate parent undertaking which is a wholly owned subsidiary of The Stanley Gibbons Group plc.

Copies of the consolidated accounts of the Stanley Gibbons Group plc, the only group to produce consolidated accounts, may be obtained from the Company Secretary, the Stanley Gibbons Group plc, 18 Hill Street, St Helier, Jersey JE2 4UA.