

Company Registration No. 00314850 (England and Wales)

A. Andrews & Sons (Marbles & Tiles) Limited
Annual Report And Financial Statements
For The Year Ended 31 December 2019



A. ANDREWS & SONS (MARBLES & TILES) LIMITED

COMPANY INFORMATION

Directors	Mr D M Clough Mr M Wilson Mr N Prior	(Appointed 1 January 2020)
Secretary	Mr C Dean	
Company number	00314850	
Registered office	324-330 Meanwood Road. Leeds West Yorkshire LS7 2JE	
Auditor	Garbutt & Elliott Audit Limited 33 Park Place Leeds LS1 2RY	

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

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A. ANDREWS & SONS (MARBLES & TILES) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The Group is predominantly engaged in the installation of terrazzo tiles and natural stone products to floors and walls within the construction industry in the UK.

The review provided is consistent with the size and non-complex nature of our business and is presented in the context of the risks and uncertainties that are ever present.

The Group operates as a link within a construction-dominant supply chain using its vast experience and quality processes to ensure the timely delivery of each project and adapting to changes that arise from time to time.

Turnover and margins are to a large degree dependent upon investment in the construction sector which in turn is governed by consumer confidence. Competition within the areas where the Group focuses is ever-present and maintaining or improving turnover and margin continues to be ever challenging.

The Group's development and performance will continue to be achieved by carefully managing contracts engagement and, wherever possible, to expand its current footprint within the construction sector that it operates. This diversification into other markets other than the supermarket groups is a fundamental and positive goal, which continues.

Development and performance

The financial statements present a balanced and comprehensive review of the development and performance of the business during the year and of its position at the year end.

The operating profit and profit before tax are in line with directors' expectations and these have not been achieved without continued value engineering and attaining high client satisfaction in a fiercely competitive market place.

The profit and loss reserves have increased from £8,651,223 to £8,677,971 further strengthening the Group's Balance Sheet.

The net assets of the Group at the year-end totalled £7,233,212 (2018 - £7,239,759).

The Board strive to achieve continual improvement at all times to create long-term value and sustainable growth by financially empowering and commercially developing our people.

Key performance indicators

We consider that the key performance indicators of turnover, gross margin and return on capital employed have communicated the strength of the Group in the past and they will continue to be engaged for the future.

The Group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through its credit control procedures. The nature of its financial instruments mean that they are not subject to price or liquidity risks.

The Group does provide detailed weekly/monthly internal reports for submission to the Board so that it is cognisant with the current financial status.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Future developments

The directors, where economically viable, will adhere to the planned strategies and react to market changes to ensure the continued stability and strength of the company, enabling it to take advantage of the opportunities as they occur in a continuing economically challenging marketplace.

The continued development of the group in the marketplace remains a key focus of the directors to maintain where possible its position in a challenging economy, whilst ensuring that the focus on quality and service is not compromised by price.

The Coronavirus pandemic has created many new and unforeseen challenges and the business has had to demonstrate its flexibility to mitigate the impact of them but, like many businesses, 2020 will be a year of reduced activity. However the strength and liquidity of its balance sheet and the loyalty of the workforce will hopefully see the company meet these unexpected challenges.

In addition the directors anticipate that future challenges will arise as the market places in which we operate adapt to the UK's decision to leave the EU.

By order of the board

C G Dean

.....
Mr C Dean
Secretary

.....
24/11/2020

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the group continued to be the installation of terrazzo, ceramic and natural stone floor and wall finishes, and the manufacture of terrazzo flooring.

Directors

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

Mr D M Clough

Mr R C Horton

Mr M Wilson

Mr N Prior

(Resigned 28 June 2019)

(Appointed 1 January 2020)

Results and dividends

The results for the year are set out on page 8.

The directors paid dividends in the year as follows: £11,200 Ordinary (2018 - £11,200), £340,178 'A' Ordinary (2018 - £310,880), £46,544 'B' Ordinary (2018 - £46,544), £133,478 'C' Ordinary (2018 - £119,723), £227,164 'D' Ordinary (2018 - £182,598), £57,300 'G' Ordinary (2018 - £57,300) and £23,100 'H' Ordinary (2018 - £46,100).

The directors also approved the following interim dividends prior to the balance sheet date: £196,000 'A' Ordinary (2018 - £266,000), £54,000 'B' Ordinary (2018 - £54,000), £50,000 'C' Ordinary (2018 - £40,000), £75,000 'D' Ordinary (2018 - £129,000), £50,000 'G' Ordinary (2018 - £40,000), and £75,000 'H' Ordinary (2018 - £71,000).

The directors are proposing a final dividend in respect of the financial year ending 31 December 2019 of £22.50 per Ordinary share, 'A' to 'E' and 'G' to 'H' Ordinary shares (2018 - £20.00 per Ordinary share). The proposed final dividend is subject to approval by the directors at a Board Meeting and has not been included as a liability in these financial statements.

The directors recommend that the retained profit (before dividends) of £1,433,517 is taken to reserves.

Auditor

The auditor, Garbutt & Elliott Audit Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 auditor of the company 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 auditor of the company is aware of that information.

By order of the board

C G Dean

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Mr C Dean

Secretary

Date: 24/11/2020

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 group and company, and of the profit or loss of the group 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 group and company will continue in business.

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

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A. ANDREWS & SONS (MARBLES & TILES) LIMITED

Opinion

We have audited the financial statements of A. Andrews & Sons (Marbles & Tiles) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, 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 group's and the parent company's affairs as at 31 December 2019 and of the group's 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.

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 group's or the parent 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF A. ANDREWS & SONS (MARBLES & TILES) LIMITED

Opinions 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

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 group's and the parent 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 group or the parent 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF A. ANDREWS & SONS (MARBLES & TILES) LIMITED

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.

Garbutt & Elliott Audit Limited

**Matthew Grant (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott Audit Limited**

24/11/2020
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**Chartered Accountants
Statutory Auditor**

33 Park Place
Leeds
LS1 2RY

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	16,529,984	18,475,786
Cost of sales		(11,178,141)	(13,157,339)
Gross profit		5,351,843	5,318,447
Administrative expenses		(3,638,740)	(3,684,584)
Other operating income		30,718	32,340
Operating profit	4	1,743,821	1,666,203
Interest receivable and similar income	7	8,331	7,393
Interest payable and similar expenses	8	(11,354)	(15,672)
Amounts written off investments		77,648	(4,194)
Profit before taxation		1,818,446	1,653,730
Taxation	9	(384,929)	(315,579)
Profit and total comprehensive income for the financial year		1,433,517	1,338,151
Profit and total comprehensive income for the financial year is attributable to:			
- Owners of the parent company		1,365,712	1,252,571
- Non-controlling interests		67,805	85,580
		1,433,517	1,338,151

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

GROUP BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	11		73,447		85,860
Tangible assets	12		2,000,105		2,057,662
Investments	13		1,747,446		1,603,798
			<u>3,820,998</u>		<u>3,747,320</u>
Current assets					
Stocks	14	1,846,743		1,063,029	
Debtors	15	3,048,836		3,892,166	
Cash at bank and in hand		4,115,395		3,540,193	
		<u>9,010,974</u>		<u>8,495,388</u>	
Creditors: amounts falling due within one year	17	(5,392,760)		(4,815,757)	
Net current assets			<u>3,618,214</u>		<u>3,679,631</u>
Total assets less current liabilities			<u>7,439,212</u>		<u>7,426,951</u>
Creditors: amounts falling due after more than one year	18		-		(9,192)
Provisions for liabilities	19		(206,000)		(178,000)
Net assets			<u>7,233,212</u>		<u>7,239,759</u>
Capital and reserves					
Called up share capital	21		6,017		6,017
Capital redemption reserve			10,464		10,464
Other reserves			(1,641,160)		(1,641,160)
Profit and loss reserves			8,677,971		8,651,223
Equity attributable to owners of the parent company			<u>7,053,292</u>		<u>7,026,544</u>
Non-controlling interests			179,920		213,215
			<u>7,233,212</u>		<u>7,239,759</u>

The financial statements were approved by the board of directors and authorised for issue on 24/11/2020
and are signed on its behalf by:

David Clough

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Mr D M Clough
Director

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		1,425,473		1,451,224
Investments	13		2,636,876		2,493,228
			<u>4,062,349</u>		<u>3,944,452</u>
Current assets					
Stocks	14	1,354,450		475,460	
Debtors	15	4,372,097		5,193,240	
Cash at bank and in hand		3,624,221		2,897,016	
		<u>9,350,768</u>		<u>8,565,716</u>	
Creditors: amounts falling due within one year	17	(6,509,711)		(5,643,010)	
Net current assets			<u>2,841,057</u>		<u>2,922,706</u>
Total assets less current liabilities			<u>6,903,406</u>		<u>6,867,158</u>
Provisions for liabilities	19		(135,000)		(114,500)
Net assets			<u><u>6,768,406</u></u>		<u><u>6,752,658</u></u>
Capital and reserves					
Called up share capital	21		6,017		6,017
Capital redemption reserve			10,464		10,464
Other reserves			(1,641,160)		(1,641,160)
Profit and loss reserves			8,393,085		8,377,337
Total equity			<u><u>6,768,406</u></u>		<u><u>6,752,658</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit was £1,354,712 (2018 - £1,407,900).

The financial statements were approved by the board of directors and authorised for issue on 24/11/2020 and are signed on its behalf by:

David Clough

Mr D M Clough
Director

Company Registration No. 00314850

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 January 2018		6,017	10,464	(1,601,360)	8,772,997	7,188,118	273,735	7,461,853
Year ended 31 December 2018:								
Profit and total comprehensive income for the year		-	-	-	1,252,571	1,252,571	85,580	1,338,151
Dividends	10	-	-	-	(1,374,345)	(1,374,345)	(146,100)	(1,520,445)
EBT reserves movement		-	-	(39,800)	-	(39,800)	-	(39,800)
Balance at 31 December 2018		6,017	10,464	(1,641,160)	8,651,223	7,026,544	213,215	7,239,759
Year ended 31 December 2019:								
Profit and total comprehensive income for the year		-	-	-	1,365,712	1,365,712	67,805	1,433,517
Dividends	10	-	-	-	(1,338,964)	(1,338,964)	(101,100)	(1,440,064)
Balance at 31 December 2019		6,017	10,464	(1,641,160)	8,677,971	7,053,292	179,920	7,233,212

Other reserves is the consideration for company own shares paid for by the company on behalf of A. Andrews Trustee Limited, the Employee Benefit Trust (EBT). In accordance with FRS 102 s9.33-38, the consideration paid is deducted from the equity until such time that the equity instruments vest unconditionally with employees.

Profit and loss reserves include £298,514 (2018 - £240,415) of un-distributable profit relating to revaluation gains made on listed investments, net of related deferred tax adjustments and corporation tax charges.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2018		6,017	10,464	(1,601,360)	8,343,782	6,758,903
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	1,407,900	1,407,900
Dividends	10	-	-	-	(1,374,345)	(1,374,345)
EBT reserves movement		-	-	(39,800)	-	(39,800)
Balance at 31 December 2018		6,017	10,464	(1,641,160)	8,377,337	6,752,658
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	1,354,712	1,354,712
Dividends	10	-	-	-	(1,338,964)	(1,338,964)
Balance at 31 December 2019		6,017	10,464	(1,641,160)	8,393,085	6,768,406

Other reserves is the consideration for company own shares paid for by the company on behalf of A. Andrews Trustee Limited, the Employee Benefit Trust (EBT). In accordance with FRS 102 s9.33-38, the consideration paid is deducted from the equity until such time that the equity instruments vest unconditionally with employees.

Profit and loss reserves include £298,514 (2018 - £240,415) of un-distributable profit relating to revaluation gains made on listed investments, net of related deferred tax adjustments and corporation tax charges.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	28	2,805,168		2,780,840	
Interest paid		(11,354)		(15,672)	
Income taxes paid		(323,079)		(343,845)	
Net cash inflow from operating activities		<u>2,470,735</u>		<u>2,421,323</u>	
Investing activities					
Purchase of tangible fixed assets		(242,319)		(290,777)	
Proceeds on disposal of tangible fixed assets		24,921		14,461	
Purchase of fixed asset investments		(66,000)		-	
Interest received		8,331		7,393	
Net cash used in investing activities		<u>(275,067)</u>		<u>(268,923)</u>	
Financing activities					
EBT reserves movement		-		(39,800)	
Payment of finance leases obligations		(80,402)		(105,465)	
Dividends paid to equity shareholders		(1,438,964)		(1,354,345)	
Dividends paid to non-controlling interests		(101,100)		(146,100)	
Net cash used in financing activities		<u>(1,620,466)</u>		<u>(1,645,710)</u>	
Net increase in cash and cash equivalents		<u>575,202</u>		<u>506,690</u>	
Cash and cash equivalents at beginning of year		3,540,193		3,033,503	
Cash and cash equivalents at end of year		<u><u>4,115,395</u></u>		<u><u>3,540,193</u></u>	

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

A. Andrews & Sons (Marbles & Tiles) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 324-330 Meanwood Road, Leeds, LS7 2JE.

The group consists of A. Andrews & Sons (Marbles & Tiles) Limited and all of its subsidiaries.

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 £1.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of A. Andrews & Sons (Marbles & Tiles) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

1.3 Going concern

The directors have considered all factors, including in the wider economy, as part of their assessment of going concern. Although the current economic climate, due to Covid-19, creates both cashflow and profitability risks for the company, the directors believe on balance that they have sufficient resources to enable trading to continue for a period of at least one year from the date of approval of the financial statements, on the basis of information currently available to them as at the point of approving these. Accordingly, these financial statements have been prepared on the going concern basis.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Turnover

Turnover represents amounts receivable for installing and supplying terrazzo, ceramic and natural stone floor and wall finishes net of VAT and trade discounts.

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.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 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 land and buildings	1% straight line
Plant and machinery	15% reducing balance
Fixtures, fittings and equipment	10% and 20% straight line
Motor vehicles	20% straight line

Freehold land is not depreciated.

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.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Listed investments are valued at fair value.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 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.

1.10 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.11 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 group 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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts payable 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 and subsequently measured at amortised cost using the effective interest method.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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 group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 if, and only if, there is 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.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.15 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.

1.16 Retirement benefits

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

1.17 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 profit or loss 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 profit or loss 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 leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.19 EBT shares treated as equity

FRS 102 s9.33-38 identifies that when intermediate payment arrangements, such as Employee Benefit Trusts (EBTs), hold the sponsoring entity's equity instruments the sponsoring entity shall account for the equity instruments as if it had purchased them directly. Therefore consideration paid for shares by the company on behalf of the EBT are recognised as a separate reserve within the Statement Of Changes In Equity.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Long term contracts

Work in progress is recognised for construction contract jobs which commenced before the Balance Sheet date, but were not completed. The valuation is estimated based on the actual costs incurred before the Balance Sheet date, which include labour, materials and other costs specifically allocated to the individual job by the quantity surveyor, less cash already received in advance.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

Investment valuations

Listed investments are recognised at fair value based on the market valuation at the Balance Sheet date. The market valuation is based on the quoted prices communicated by fund managers.

Depreciation

The depreciation policy has been set according to managements experience of the useful lives of a typical asset in each category, something which is reviewed annually. It is not considered practical to use a per unit basis to allocate depreciation without undue cost and therefore amounts are charged annually. The depreciation charged during the year was £273,634 (2018 - £291,670) which the directors feel is a fair reflection of the benefits derived from the consumption of the tangible fixed assets in use during the period.

Bad debt provision

Outstanding trade debtor balances are reviewed on a line by line basis by management to identify possible amounts where a provision is required. Management closely manage the collection of trade debtors and are therefore able to identify balances where there is uncertainty about its recoverability, and determine what provision is required (if any).

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty (Continued)

Stock provision

At each reporting date an assessment is made for provisions required to properly recognise wastage, damaged goods and over absorbed overheads. 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 and provided for in the balance sheet. Reversals of impairment losses are also recognised in profit or loss where these arise.

3 Turnover and other revenue

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

	2019 £	2018 £
Turnover		
Terrazzo	9,907,382	11,423,310
Pre Cast	443,666	1,215,655
Glasgow	1,614,935	1,552,025
Ceramic	1,633,936	2,140,237
Marble	1,453,657	540,773
Worktop	166,809	165,552
Tile showroom	1,091,191	1,127,064
Carriage and pallet recharges	218,408	311,170
	<u>16,529,984</u>	<u>18,475,786</u>

Turnover analysed by geographical market

	2019 £	2018 £
United Kingdom	<u>16,529,984</u>	<u>18,475,786</u>

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(725)	1,438
Depreciation of owned tangible fixed assets	254,963	258,933
Depreciation of tangible fixed assets held under finance leases	18,671	32,737
Loss/(profit) on disposal of tangible fixed assets	1,321	(8,869)
Amortisation of intangible assets	12,413	12,413
Stocks impairment losses recognised or reversed	36,500	(5,000)
Operating lease charges	<u>55,694</u>	<u>107,416</u>

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6,650	6,400
Audit of the financial statements of the company's subsidiaries	5,100	4,850
	<u>11,750</u>	<u>11,250</u>

6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Contracts, stores and distribution	93	105	64	72
Administration	26	28	26	28
Total	<u>119</u>	<u>133</u>	<u>90</u>	<u>100</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	3,995,615	4,672,875	3,183,020	3,826,634
Social security costs	410,553	417,050	324,073	332,146
Pension costs	179,707	152,569	152,601	124,571
	<u>4,585,875</u>	<u>5,242,494</u>	<u>3,659,694</u>	<u>4,283,351</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	<u>8,331</u>	<u>7,393</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>8,331</u>	<u>7,393</u>

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	11,144	15,503
Other finance costs:		
Other interest	210	169
Total finance costs	<u>11,354</u>	<u>15,672</u>

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	<u>356,929</u>	<u>323,079</u>
Deferred tax		
Origination and reversal of timing differences	<u>28,000</u>	<u>(7,500)</u>
Total tax charge	<u>384,929</u>	<u>315,579</u>

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:

	2019 £	2018 £
Profit before taxation	<u>1,818,446</u>	<u>1,653,730</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	345,505	314,209
Effect of change in corporation tax rate	14,176	-
Dividend income	(34,200)	(27,759)
Adjustment for previously unrecognised DT liabilities	(890)	-
Other tax adjustments	60,338	29,129
Taxation charge	<u>384,929</u>	<u>315,579</u>

10 Dividends

	2019 £	2018 £
Interim paid	<u>1,338,964</u>	<u>1,374,345</u>

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Dividends

(Continued)

The directors paid dividends in the year as follows: £11,200 Ordinary (2018 - £11,200), £340,178 'A' Ordinary (2018 - £310,880), £46,544 'B' Ordinary (2018 - £46,544), £133,478 'C' Ordinary (2018 - £119,723), £227,164 'D' Ordinary (2018 - £182,598), £57,300 'G' Ordinary (2018 - £57,300) and £23,100 'H' Ordinary (2018 - £46,100).

The directors also approved the following interim dividends prior to the balance sheet date: £196,000 'A' Ordinary (2018 - £266,000), £54,000 'B' Ordinary (2018 - £54,000), £50,000 'C' Ordinary (2018 - £40,000), £75,000 'D' Ordinary (2018 - £129,000), £50,000 'G' Ordinary (2018 - £40,000), and £75,000 'H' Ordinary (2018 - £71,000).

The directors are proposing a final dividend in respect of the financial year ending 31 December 2019 of £22.50 per Ordinary share, 'A' to 'E' and 'G' to 'H' Ordinary shares (2018 - £20.00 per Ordinary share). The proposed final dividend is subject to approval by the directors at a Board Meeting and has not been included as a liability in these financial statements.

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	154,134
Amortisation and impairment	
At 1 January 2019	68,274
Amortisation charged for the year	12,413
At 31 December 2019	80,687
Carrying amount	
At 31 December 2019	73,447
At 31 December 2018	85,860
Company	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	30,000
Amortisation and impairment	
At 1 January 2019 and 31 December 2019	30,000
Carrying amount	
At 31 December 2019	-
At 31 December 2018	-

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

Group	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	765,155	2,236,668	430,602	738,411	4,170,836
Additions	30,661	72,915	-	138,743	242,319
Disposals	-	-	-	(201,632)	(201,632)
At 31 December 2019	795,816	2,309,583	430,602	675,522	4,211,523
Depreciation and impairment					
At 1 January 2019	27,050	1,310,494	362,995	412,635	2,113,174
Depreciation charged in the year	8,000	156,582	4,783	104,269	273,634
Eliminated in respect of disposals	-	-	-	(175,390)	(175,390)
At 31 December 2019	35,050	1,467,076	367,778	341,514	2,211,418
Carrying amount					
At 31 December 2019	760,766	842,507	62,824	334,008	2,000,105
At 31 December 2018	738,105	926,174	67,607	325,776	2,057,662

Company	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	765,155	1,150,355	281,154	738,411	2,935,075
Additions	30,661	26,373	-	138,743	195,777
Disposals	-	-	-	(201,632)	(201,632)
At 31 December 2019	795,816	1,176,728	281,154	675,522	2,929,220
Depreciation and impairment					
At 1 January 2019	27,050	830,619	213,547	412,635	1,483,851
Depreciation charged in the year	8,000	78,234	4,783	104,269	195,286
Eliminated in respect of disposals	-	-	-	(175,390)	(175,390)
At 31 December 2019	35,050	908,853	218,330	341,514	1,503,747
Carrying amount					
At 31 December 2019	760,766	267,875	62,824	334,008	1,425,473
At 31 December 2018	738,105	319,736	67,607	325,776	1,451,224

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets (Continued)

The carrying value of land and buildings comprises:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Freehold land	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>

Freehold land is not depreciated.

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Plant and machinery	<u>158,702</u>	<u>315,690</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	<u>18,671</u>	<u>32,737</u>	<u>-</u>	<u>-</u>

13 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	26	-	-	889,430	889,430
Investments in associates	27	1	1	1	1
Listed investments		<u>1,747,445</u>	<u>1,603,797</u>	<u>1,747,445</u>	<u>1,603,797</u>
		<u>1,747,446</u>	<u>1,603,798</u>	<u>2,636,876</u>	<u>2,493,228</u>
Listed investments included above:					
Listed investments carrying amount		<u>1,747,445</u>	<u>1,603,797</u>	<u>1,747,445</u>	<u>1,603,797</u>

Listed investments are recognised at fair value based on market valuations at the Balance Sheet date. Comparable valuations on the historical cost basis is £1,369,000 (2018 - £1,303,000).

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

13 Fixed asset investments

(Continued)

Movements in fixed asset investments Group

	Shares in group undertakings and participating interests	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2019	1	1,603,797	1,603,798
Additions	-	66,000	66,000
Valuation changes	-	77,648	77,648
At 31 December 2019	1	1,747,445	1,747,446
Impairment			
At 1 January 2019 and 31 December 2019	-	-	-
Carrying amount			
At 31 December 2019	1	1,747,445	1,747,446
At 31 December 2018	1	1,603,797	1,603,798

Movements in fixed asset investments Company

	Shares in group undertakings and participating interests	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2019	889,431	1,603,797	2,493,228
Additions	-	66,000	66,000
Valuation changes	-	77,648	77,648
At 31 December 2019	889,431	1,747,445	2,636,876
Carrying amount			
At 31 December 2019	889,431	1,747,445	2,636,876
At 31 December 2018	889,431	1,603,797	2,493,228

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	95,948	73,541	-	-
Work in progress	1,141,733	315,644	1,122,878	300,501
Finished goods and goods for resale	609,062	673,844	231,572	174,959
	<u>1,846,743</u>	<u>1,063,029</u>	<u>1,354,450</u>	<u>475,460</u>

15 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	2,680,279	3,676,676	2,417,768	3,333,902
Other debtors	84,304	83,529	1,763,442	1,762,667
Prepayments and accrued income	284,253	131,961	190,887	96,671
	<u>3,048,836</u>	<u>3,892,166</u>	<u>4,372,097</u>	<u>5,193,240</u>

Included within the total trade debtors figure in the balance sheet are provisions for bad debts and warranty amounting to £427,924 (2018 - £404,283) and £168,500 (2018 - £121,000) respectively.

16 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	9,195	80,405	-	-
In two to five years	-	9,192	-	-
	<u>9,195</u>	<u>89,597</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by subsidiaries for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

17 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Obligations under finance leases	16	9,195	80,405	-	-
Trade creditors		3,509,184	2,738,093	3,253,113	2,382,754
Amounts owed to group undertakings		-	-	50,726	31,843
Corporation tax payable		256,929	223,079	195,000	137,260
Other taxation and social security		688,575	652,170	619,834	575,908
Dividends payable		500,000	600,000	500,000	600,000
Other creditors		41,402	11,903	1,679,138	1,679,138
Accruals and deferred income		387,475	510,107	211,900	236,107
		<u>5,392,760</u>	<u>4,815,757</u>	<u>6,509,711</u>	<u>5,643,010</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Obligations under finance leases	16	-	9,192	-	-

19 Deferred taxation

Group	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	<u>206,000</u>	<u>178,000</u>
Company	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	<u>135,000</u>	<u>114,500</u>

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Deferred taxation (Continued)

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 January 2019	178,000	114,500
Charge to profit or loss	20,500	20,500
Liability at 31 December 2019	<u>198,500</u>	<u>135,000</u>

20 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>182,107</u>	<u>156,434</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company 2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
500 Ordinary shares of £1 each	500	500
416 'A' Ordinary shares of £1 each	416	416
334 'B' Ordinary shares of £1 each	334	334
125 'C' Ordinary shares of £1 each	125	125
15 'D' Ordinary shares of £1 each	15	15
60 'E' Ordinary shares of £1 each	60	60
4,537 'F' Ordinary shares of £1 each	4,537	4,537
25 'G' Ordinary shares of £1 each	25	25
5 'H' Ordinary shares of £1 each	5	5
	<u>6,017</u>	<u>6,017</u>

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption. The other share classes rank pari passu with the Ordinary shares.

In 2018, the company repurchased 100 Ordinary shares of £1 on behalf of A. Andrews Trustee Limited, the Employee Benefit Trust (EBT), on behalf of employees, for a total consideration of £39,800. As a result, 100 Ordinary shares of £1 each have been reclassified as 100 'F' Ordinary shares of £1 each.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

22 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	125,361	156,927	36,240	19,630
Between two and five years	117,321	251,583	105,700	141,940
	<u>242,682</u>	<u>408,510</u>	<u>141,940</u>	<u>161,570</u>

23 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	46,034	53,211
Company pension contributions to defined contribution schemes	29,951	29,615
Pensions to former directors	2,400	3,865
	<u>78,385</u>	<u>86,691</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Acquisition of tangible fixed assets	<u>186,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

25 Related party transactions

A. Andrews Trustee Limited

The company recognises the assets and liabilities of the employee benefit trust A. Andrews Trustee Limited. This intermediary is only used for buying company shares back from other shareholders, with no restrictions relating to the assets and liabilities. No equity instruments are under option to employees or conditionally gifted to them.

A. Andrews Trustee Limited holds 4,537 (2018 - 4,537) 'F' Ordinary shares of the company. The consideration paid by the company on behalf of A Andrews Trustee Limited for these shares amounts to £1,641,160 (2018 - £1,641,160), and is included within Other reserves in the Balance Sheet of these financial statements.

26 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Kengate Holdings Limited	England and Wales	Holding company	Ordinary	75.00	-
QTL Holdings Limited	England and Wales	Holding company	Ordinary	-	75.00
Quiligotti Terrazzo Tiles Limited	England and Wales	Manufacturer of terrazzo tiles	Ordinary	-	75.00
A. Andrews Trustee Limited	England and Wales	Dormant	Ordinary	100.00	-

The investments in subsidiaries are all stated at cost.

The registered office of Quiligotti Terrazzo Tiles Limited, QTL Holdings Limited and Kengate Holdings Limited is Rake Lane, PO Box 4, Clifton Junction, Manchester, M27 8LP.

The registered office of A. Andrews Trustee Limited is 324-330 Meanwood Road, Leeds, LS7 2JE.

27 Associates

Details of associates at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	
Kengate Terrazzo Tiles Limited	England and Wales	Dormant	Ordinary		50

The registered office of the above is 324-330 Meanwood Road, Leeds, LS7 2JE.

A. ANDREWS & SONS (MARBLES & TILES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

28 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	1,433,517	1,338,151
Adjustments for:		
Taxation charged	384,929	315,579
Finance costs	11,354	15,672
Investment income	(8,331)	(7,393)
Loss/(gain) on disposal of tangible fixed assets	1,321	(8,869)
Amortisation and impairment of intangible assets	12,413	12,413
Depreciation and impairment of tangible fixed assets	273,634	291,670
Amounts written off investments	(77,648)	4,194
Movements in working capital:		
(Increase)/decrease in stocks	(783,714)	465,027
Decrease/(increase) in debtors	843,330	(86,022)
Increase in creditors	714,363	440,418
Cash generated from operations	2,805,168	2,780,840

29 Analysis of changes in net funds - group

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	3,540,193	575,202	4,115,395
Obligations under finance leases	(89,597)	80,402	(9,195)
	<u>3,450,596</u>	<u>655,604</u>	<u>4,106,200</u>

30 Analysis of changes in net funds - company

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	2,897,016	727,205	3,624,221