

Company Registration No. 00314850 (England and Wales)

**A. Andrews & Sons (Marbles & Tiles) Limited**  
**Annual Report And Financial Statements**  
**For The Year Ended 31 December 2017**



# **A. ANDREWS & SONS (MARBLES & TILES) LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr D M Clough Mr R C Horton Mr M Wilson
<b>Secretary</b>	Mr R C Horton
<b>Company number</b>	00314850
<b>Registered office</b>	324-330 Meanwood Road Leeds LS7 2JE
<b>Auditors</b>	Garbutt & Elliott Audit Limited 33 Park Place Leeds LS1 2RY

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# **A. ANDREWS & SONS (MARBLES & TILES) LIMITED**

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# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

### **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.

### **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 £8,534,041 to £8,772,997 further strengthening the Group's Balance Sheet.

The net assets of the Group at the year-end totalled £7,461,853 (2016 - £7,119,238).

The Board strive to achieve continual improvement at all times.

### **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.

On behalf of the board

*R C Horton*

.....  
Mr R C Horton

**Director**

Jul 6, 2018  
.....

# **A. ANDREWS & SONS (MARBLES & TILES) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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

### **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

### **Results and dividends**

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

The directors paid dividends in the year as follows: £11,550 Ordinary (2016 - £11,550), £195,798 'A' Ordinary (2016 - £94,878), £45,709 'B' Ordinary (2016 - £70,161), £132,780 'C' Ordinary (2016 - £72,310), £38,787 'D' Ordinary (2016 - £64,543), £41,637 'G' Ordinary (2016 - £40,438) and £89,087 'H' Ordinary (2016 - £37,087).

The directors also approved the following interim dividends prior to the balance sheet date: £186,000 'A' Ordinary (2016 - £125,000), £54,000 'B' Ordinary (2016 - £125,000), £130,000 'C' Ordinary (2016 - £100,000), £42,000 'D' Ordinary (2016 - £50,000), £50,000 'G' Ordinary (2016 - £100,000), and £118,000 'H' Ordinary (2016 - £50,000).

The directors are proposing a final dividend in respect of the financial year ending 31 December 2017 of £20.00 per Ordinary share, 'A' to 'E' and 'G' to 'H' Ordinary shares (2016 - £17.50 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 £1,374,305 is taken to reserves.

### **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 company in the market place 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.

### **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.

## **A. ANDREWS & SONS (MARBLES & TILES) LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

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On behalf of the board

*R C Horton*

.....

Mr R C Horton

**Director**

Date: Jul 6, 2018 .....

## **A. ANDREWS & SONS (MARBLES & TILES) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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**

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### **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 2017 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, the Company 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 2017 and of its loss 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **A. ANDREWS & SONS (MARBLES & TILES) LIMITED**

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

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### **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 the 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**

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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**

18 July 2018

**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 2017

	Notes	2017 £	2016 £
Turnover	3	16,888,294	16,316,611
Cost of sales		(11,536,473)	(11,282,448)
<b>Gross profit</b>		<b>5,351,821</b>	<b>5,034,163</b>
Administrative expenses		(3,550,707)	(3,468,737)
Other operating income		30,270	29,850
<b>Operating profit</b>	4	<b>1,831,384</b>	<b>1,595,276</b>
Interest receivable and similar income	7	1,910	5,859
Interest payable and similar expenses	8	(22,490)	(24,098)
Amounts written off investments		59,865	64,920
<b>Profit before taxation</b>		<b>1,870,669</b>	<b>1,641,957</b>
Taxation	9	(352,345)	(293,323)
<b>Profit and total comprehensive income for the financial year</b>		<b>1,518,324</b>	<b>1,348,634</b>
Profit and total comprehensive income for the financial year is attributable to:			
- Owners of the parent company		1,374,305	1,241,114
- Non-controlling interests		144,019	107,520
		<b>1,518,324</b>	<b>1,348,634</b>

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 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Goodwill	11		98,273		110,686
Tangible assets	12		2,064,147		2,128,071
Investments	13		1,607,992		1,549,653
			<u>3,770,412</u>		<u>3,788,410</u>
<b>Current assets</b>					
Stocks	15	1,528,056		1,962,220	
Debtors	16	3,806,144		5,947,243	
Cash at bank and in hand		3,033,503		1,697,576	
		<u>8,367,703</u>		<u>9,607,039</u>	
<b>Creditors: amounts falling due within one year</b>	17	(4,401,166)		(5,884,237)	
<b>Net current assets</b>			<u>3,966,537</u>		<u>3,722,802</u>
<b>Total assets less current liabilities</b>			<u>7,736,949</u>		<u>7,511,212</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(89,596)		(194,974)
<b>Provisions for liabilities</b>	21		(185,500)		(197,000)
<b>Net assets</b>			<u><u>7,461,853</u></u>		<u><u>7,119,238</u></u>
<b>Capital and reserves</b>					
Called up share capital	23		6,017		6,017
Other reserves			(1,601,360)		(1,664,600)
Capital redemption reserve			10,464		10,464
Profit and loss reserves			<u>8,772,997</u>		<u>8,534,041</u>
<b>Equity attributable to owners of the parent company</b>			<u>7,188,118</u>		<u>6,885,922</u>
<b>Non-controlling interests</b>			<u>273,735</u>		<u>233,316</u>
			<u><u>7,461,853</u></u>		<u><u>7,119,238</u></u>

The financial statements were approved by the board of directors and authorised for issue on Jul 6, 2018 and are signed on its behalf by:

*D. Clough*

Mr D M Clough  
Director

*M. Wilson*

Mr M Wilson  
Director

Company Registration No. 00314850

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	12	1,376,235		1,358,686	
Investments	13	2,412,768		2,354,429	
		<u>3,789,003</u>		<u>3,713,115</u>	
<b>Current assets</b>					
Stocks	15	942,809		1,327,531	
Debtors	16	4,866,713		7,240,965	
Cash at bank and in hand		2,309,191		1,303,817	
		<u>8,118,713</u>		<u>9,872,313</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(5,034,313)</u>		<u>(6,782,076)</u>	
<b>Net current assets</b>		<u>3,084,400</u>		<u>3,090,237</u>	
<b>Total assets less current liabilities</b>		<u>6,873,403</u>		<u>6,803,352</u>	
<b>Provisions for liabilities</b>	21	<u>(114,500)</u>		<u>(114,500)</u>	
<b>Net assets</b>		<u><u>6,758,903</u></u>		<u><u>6,688,852</u></u>	
<b>Capital and reserves</b>					
Called up share capital	23	6,017		6,017	
Other reserves		(1,601,360)		(1,664,600)	
Capital redemption reserve		10,464		10,464	
Profit and loss reserves		8,343,782		8,336,971	
<b>Total equity</b>		<u><u>6,758,903</u></u>		<u><u>6,688,852</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 £1,142,160 (2016 - £1,014,760).

The financial statements were approved by the board of directors and authorised for issue on Jul 6, 2018 and are signed on its behalf by:

*D. Clough*

Mr D M Clough  
Director

*M. Wilson*

Mr M. Wilson  
Director

Company Registration No. 00314850

## A. ANDREWS & SONS (MARBLES & TILES) LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>Balance at 1 January 2016</b>		6,017	10,464	(1,083,164)	8,233,894	7,167,211	189,309	7,356,520
<b>Year ended 31 December 2016:</b>								
Profit and total comprehensive income for the year		-	-	-	1,241,114	1,241,114	107,520	1,348,634
Dividends	10	-	-	-	(940,967)	(940,967)	(85,125)	(1,026,092)
Own shares acquired		-	-	(639,000)	-	(639,000)	-	(639,000)
EBT reserves movement		-	-	57,564	-	57,564	-	57,564
Other movements		-	-	-	-	-	21,612	21,612
<b>Balance at 31 December 2016</b>		6,017	10,464	(1,664,600)	8,534,041	6,885,922	233,316	7,119,238
<b>Year ended 31 December 2017:</b>								
Profit and total comprehensive income for the year		-	-	-	1,374,305	1,374,305	144,019	1,518,324
Dividends	10	-	-	-	(1,135,349)	(1,135,349)	(103,600)	(1,238,949)
EBT reserves movement		-	-	63,240	-	63,240	-	63,240
<b>Balance at 31 December 2017</b>		6,017	10,464	(1,601,360)	8,772,997	7,188,118	273,735	7,461,853

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 £244,500 (2016 - £198,704) 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 2017

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2016</b>		6,017	10,464	(1,083,164)	8,263,178	7,196,495
<b>Year ended 31 December 2016:</b>						
Profit and total comprehensive income for the year		-	-	-	1,014,760	1,014,760
Dividends	10	-	-	-	(940,967)	(940,967)
Own shares acquired		-	-	(639,000)	-	(639,000)
EBT reserves movement		-	-	57,564	-	57,564
<b>Balance at 31 December 2016</b>		6,017	10,464	(1,664,600)	8,336,971	6,688,852
<b>Year ended 31 December 2017:</b>						
Profit and total comprehensive income for the year		-	-	-	1,142,160	1,142,160
Dividends	10	-	-	-	(1,135,349)	(1,135,349)
EBT reserves movement		-	-	63,240	-	63,240
<b>Balance at 31 December 2017</b>		6,017	10,464	(1,601,360)	8,343,782	6,758,903

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 £244,500 (2016 - £198,704) 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 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	29	3,327,959		179,603	
Interest paid		(22,490)		(24,098)	
Income taxes paid		(430,823)		(144,867)	
<b>Net cash inflow from operating activities</b>		<b>2,874,646</b>		<b>10,638</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(264,840)		(282,357)	
Proceeds on disposal of tangible fixed assets		19,358		24,388	
Proceeds on disposal of subsidiaries		-		68,571	
Purchase of fixed asset investments		-		(504,067)	
Proceeds on disposal of fixed asset investments		-		724,464	
Interest received		1,910		5,859	
<b>Net cash (used in)/generated from investing activities</b>		<b>(243,572)</b>		<b>36,858</b>	
<b>Financing activities</b>					
Purchase of own shares		-		(639,000)	
EBT reserves movement		63,240		57,564	
Repayment of bank loans		(44,060)		(90,388)	
Payment of finance leases obligations		(105,378)		(105,548)	
Dividends paid to equity shareholders		(1,105,349)		(510,967)	
Dividends paid to non-controlling interests		(103,600)		(85,125)	
<b>Net cash used in financing activities</b>		<b>(1,295,147)</b>		<b>(1,373,464)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,335,927</b>		<b>(1,325,968)</b>	
Cash and cash equivalents at beginning of year		1,697,576		3,023,544	
<b>Cash and cash equivalents at end of year</b>		<b>3,033,503</b>		<b>1,697,576</b>	



# **A. ANDREWS & SONS (MARBLES & TILES) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **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 "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 2017. 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**

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

#### **1.4 Turnover**

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

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

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 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.

# **A. ANDREWS & SONS (MARBLES & TILES) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **1 Accounting policies**

**(Continued)**

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 2017

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### 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 at bank and in hand 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 2017

### 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.

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

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

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### 1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue 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.

#### 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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## **A. ANDREWS & SONS (MARBLES & TILES) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **1 Accounting policies**

**(Continued)**

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

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 are included in the profit and loss account for the period.

#### **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.

#### **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.

## A. ANDREWS & SONS (MARBLES & TILES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### **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 £299,403 (2016 - £263,043) 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).

##### **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.



# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 Turnover and other revenue

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

	2017 £	2016 £
<b>Turnover</b>		
Terrazzo	11,266,958	10,197,604
Pre Cast	845,108	641,985
Glasgow	1,090,780	1,158,163
Ceramic	1,851,622	2,431,601
Marble	366,757	329,012
Worktop	176,280	200,135
Tile showroom	1,101,441	925,817
Carriage and pallet recharges	189,348	432,294
	<u>16,888,294</u>	<u>16,316,611</u>

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	2,486	5,498
Depreciation of owned tangible fixed assets	266,666	230,306
Depreciation of tangible fixed assets held under finance leases	32,737	32,737
Loss/(profit) on disposal of tangible fixed assets	10,003	(12,088)
Amortisation of intangible assets	12,413	13,837
Cost of stocks recognised as an expense	7,728,959	7,347,206
Stocks impairment losses recognised or reversed	38,000	70,000
Operating lease charges	116,185	108,739
	<u></u>	<u></u>

### 5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	6,200	6,000
Audit of the financial statements of the company's subsidiaries	4,600	4,500
	<u>10,800</u>	<u>10,500</u>

## A. ANDREWS & SONS (MARBLES & TILES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### 6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Contracts, stores and distribution	103	105	77	79
Administration	29	29	26	26
	<u>132</u>	<u>134</u>	<u>103</u>	<u>105</u>

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	4,352,031	4,247,931	3,494,567	3,423,378
Social security costs	429,419	424,396	342,256	345,274
Pension costs	159,950	177,986	130,881	153,568
	<u>4,941,400</u>	<u>4,850,313</u>	<u>3,967,704</u>	<u>3,922,220</u>

#### 7 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	<u>1,910</u>	<u>5,859</u>

Investment Income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>1,910</u>	<u>5,859</u>
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#### 8 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	20,802	24,098
<b>Other finance costs:</b>		
Other interest	1,688	-
<b>Total finance costs</b>	<u>22,490</u>	<u>24,098</u>

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	363,845	310,823
<b>Deferred tax</b>		
Origination and reversal of timing differences	(11,500)	(17,500)
<b>Total tax charge for the year</b>	<b>352,345</b>	<b>293,323</b>

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

	2017 £	2016 £
Profit before taxation	1,870,669	1,641,957
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	360,104	328,391
Dividend income	(19,943)	(20,250)
Other tax adjustments	12,184	(14,818)
<b>Taxation charge for the year</b>	<b>352,345</b>	<b>293,323</b>

### 10 Dividends

	2017 £	2016 £
Interim paid	1,135,349	940,967

The directors paid dividends in the year as follows: £11,550 Ordinary (2016 - £11,550), £195,798 'A' Ordinary (2016 - £94,878), £45,709 'B' Ordinary (2016 - £70,161), £132,780 'C' Ordinary (2016 - £72,310), £38,787 'D' Ordinary (2016 - £64,543), £41,637 'G' Ordinary (2016 - £40,438) and £89,087 'H' Ordinary (2016 - £37,087).

The directors also approved the following interim dividends prior to the balance sheet date: £186,000 'A' Ordinary (2016 - £125,000), £54,000 'B' Ordinary (2016 - £125,000), £130,000 'C' Ordinary (2016 - £100,000), £42,000 'D' Ordinary (2016 - £50,000), £50,000 'G' Ordinary (2016 - £100,000), and £118,000 'H' Ordinary (2016 - £50,000).

The directors are proposing a final dividend in respect of the financial year ending 31 December 2017 of £20.00 per Ordinary share, 'A' to 'E' and 'G' to 'H' Ordinary shares (2016 - £17.50 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.

## A. ANDREWS & SONS (MARBLES & TILES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 11 Intangible fixed assets

<b>Group</b>	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	154,134
<b>Amortisation and impairment</b>	
At 1 January 2017	43,448
Amortisation charged for the year	12,413
At 31 December 2017	55,861
<b>Carrying amount</b>	
At 31 December 2017	98,273
At 31 December 2016	110,686
<b>Company</b>	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	30,000
<b>Amortisation and impairment</b>	
At 1 January 2017 and 31 December 2017	30,000
<b>Carrying amount</b>	
At 31 December 2017	-
At 31 December 2016	-

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Tangible fixed assets

Group	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2017	660,104	2,050,460	402,376	702,115	3,815,055
Additions	29,206	106,109	26,251	103,274	264,840
Disposals	-	-	-	(104,768)	(104,768)
At 31 December 2017	689,310	2,156,569	428,627	700,621	3,975,127
<b>Depreciation and impairment</b>					
At 1 January 2017	12,500	977,347	343,378	353,759	1,686,984
Depreciation charged in the year	6,900	169,775	11,232	111,496	299,403
Eliminated in respect of disposals	-	-	-	(75,407)	(75,407)
At 31 December 2017	19,400	1,147,122	354,610	389,848	1,910,980
<b>Carrying amount</b>					
At 31 December 2017	669,910	1,009,447	74,017	310,773	2,064,147
At 31 December 2016	647,604	1,073,113	58,998	348,356	2,128,071

  

Company	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2017	660,104	964,147	252,928	702,115	2,579,294
Additions	29,206	106,109	26,251	103,274	264,840
Disposals	-	-	-	(104,768)	(104,768)
At 31 December 2017	689,310	1,070,256	279,179	700,621	2,739,366
<b>Depreciation and impairment</b>					
At 1 January 2017	12,500	660,419	193,930	353,759	1,220,608
Depreciation charged in the year	6,900	88,302	11,232	111,496	217,930
Eliminated in respect of disposals	-	-	-	(75,407)	(75,407)
At 31 December 2017	19,400	748,721	205,162	389,848	1,363,131
<b>Carrying amount</b>					
At 31 December 2017	669,910	321,535	74,017	310,773	1,376,235
At 31 December 2016	647,604	303,728	58,998	348,356	1,358,686

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Tangible fixed assets

(Continued)

The carrying value of land and buildings comprises:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Freehold land	275,000	275,000	275,000	275,000

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 2017 £	2016 £	Company 2017 £	2016 £
Plant and machinery	348,427	381,164	-	-
Depreciation charge for the year in respect of leased assets	32,737	32,737	-	-

### 13 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	26	-	-	804,776	804,776
Investments in associates	27	1	1	1	1
Listed investments		1,607,991	1,549,652	1,607,991	1,549,652
		1,607,992	1,549,653	2,412,768	2,354,429
<b>Listed investments included above:</b>					
Listed investments carrying amount		1,607,991	1,549,652	1,607,991	1,549,652

Listed investments are recognised at fair value based on market valuations at the Balance Sheet date. Comparable valuations on the historical cost basis is £1,303,000 (2016 - £1,303,000).

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Fixed asset investments

(Continued)

#### Movements in fixed asset investments

##### Group

	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 January 2017	1	1,549,652	1,549,653
Valuation changes	-	58,339	58,339
At 31 December 2017	1	1,607,991	1,607,992
<b>Impairment</b>			
At 1 January 2017 and 31 December 2017	-	-	-
<b>Carrying amount</b>			
At 31 December 2017	1	1,607,991	1,607,992
At 31 December 2016	1	1,549,652	1,549,653

#### Movements in fixed asset investments

##### Company

	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 January 2017	889,431	1,549,652	2,439,083
Valuation changes	-	58,339	58,339
At 31 December 2017	889,431	1,607,991	2,497,422
<b>Impairment</b>			
At 1 January 2017 and 31 December 2017	84,654	-	84,654
<b>Carrying amount</b>			
At 31 December 2017	804,777	1,607,991	2,412,768
At 31 December 2016	804,777	1,549,652	2,354,429

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 14 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	6,672,735	7,532,604	7,094,500	8,491,622
Equity instruments measured at cost less impairment	1,607,992	1,549,653	2,412,768	2,354,429
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	3,539,573	5,183,447	4,356,635	6,097,595
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 15 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials and consumables	92,917	109,675	-	-
Work in progress	809,426	1,167,084	787,286	1,139,993
Finished goods and goods for resale	625,713	685,461	155,523	187,538
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	1,528,056	1,962,220	942,809	1,327,531
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 16 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Amounts falling due within one year:</b>				
Trade debtors	3,511,705	5,772,872	2,978,644	5,446,511
Other debtors	127,527	62,156	1,806,665	1,741,294
Prepayments and accrued income	166,912	112,215	81,404	53,160
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	3,806,144	5,947,243	4,866,713	7,240,965
	<u>          </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 2017

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

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	19	-	44,060	-	-
Obligations under finance leases	20	105,466	105,466	-	-
Trade creditors		2,296,235	3,790,629	1,854,467	3,373,634
Amounts due to group undertakings		-	-	28,882	222,163
Corporation tax payable		243,845	310,823	102,209	194,536
Other taxation and social security		707,344	584,941	575,469	489,945
Dividends payable		580,000	550,000	580,000	550,000
Other creditors		14,431	12,772	1,679,138	1,679,138
Accruals and deferred income		453,845	485,546	214,148	272,660
		<u>4,401,166</u>	<u>5,884,237</u>	<u>5,034,313</u>	<u>6,782,076</u>

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

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	20	<u>89,596</u>	<u>194,974</u>	<u>-</u>	<u>-</u>

### 19 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	<u>-</u>	<u>44,060</u>	<u>-</u>	<u>-</u>
Payable within one year	<u>-</u>	<u>44,060</u>	<u>-</u>	<u>-</u>

The above loan balance was fully repaid during the year, with the final payment made in October 2017. The loan was secured on individually identified machinery held within the subsidiaries.

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 20 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	105,466	105,466	-	-
In two to five years	89,596	194,974	-	-
	<u>195,062</u>	<u>300,440</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.

### 21 Deferred taxation

Group	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	149,500	161,000
Investments	36,000	36,000
	<u>185,500</u>	<u>197,000</u>
Company	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	78,500	78,500
Investments	36,000	36,000
	<u>114,500</u>	<u>114,500</u>

There were no deferred tax movements in the year.

### 22 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit and loss in respect of defined contribution schemes	<u>159,950</u>	<u>227,986</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.

# A. ANDREWS & SONS (MARBLES & TILES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 23 Share capital

	Group and company	
	2017	2016
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
600 Ordinary shares of £1 each	600	600
416 'A' Ordinary shares of £1 each	416	316
334 'B' Ordinary shares of £1 each	334	334
125 'C' Ordinary shares of £1 each	125	55
15 'D' Ordinary shares of £1 each	15	15
60 'E' Ordinary shares of £1 each	60	60
4,437 'F' Ordinary shares of £1 each	4,437	4,607
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.

During the year, the company repurchased 170 'F' Ordinary shares of £1 each held by A. Andrews Trustee Limited, the Employee Benefit Trust (EBT), on behalf of employees, for a total consideration of £63,240, being redesignated as 100 'A' Ordinary shares of £1 each, and 70 'C' Ordinary shares of £1 each.

### 24 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		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	154,050	116,188	30,106	32,843
Between two and five years	217,218	264,939	-	30,106
	<u>371,268</u>	<u>381,127</u>	<u>30,106</u>	<u>62,949</u>

## A. ANDREWS & SONS (MARBLES & TILES) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### 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 4,437 (2016 - 4,607) 'F' Ordinary shares of the company. The consideration paid by the company on behalf of A Andrews Trustee Limited for these shares amounts to £1,601,360 (2016 - £1,664,600), 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 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
A. Andrews Trustee Limited	England and Wales	Dormant	Ordinary	100.00	
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

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 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Kengate Terrazzo Limited	England and Wales	Dormant	Ordinary	50.00	

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 2017

### 28 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	49,385	45,527
Company pension contributions to defined contribution schemes	52,841	141,413
Pensions to former directors	4,762	4,598
	<u>106,988</u>	<u>191,538</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 3).

### 29 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	1,518,324	1,348,634
Adjustments for:		
Taxation charged	352,345	293,323
Finance costs	22,490	24,098
Investment income	(1,910)	(5,859)
Loss/(gain) on disposal of tangible fixed assets	10,003	(12,088)
Amortisation and impairment of intangible assets	12,413	13,837
Depreciation and impairment of tangible fixed assets	299,403	263,043
Amounts written off investments	(58,339)	(57,727)
Movements in working capital:		
Decrease/(increase) in stocks	434,164	(425,469)
Decrease/(increase) in debtors	2,141,099	(1,420,212)
(Decrease)/increase in creditors	(1,402,033)	158,023
<b>Cash generated from operations</b>	<u>3,327,959</u>	<u>179,603</u>