

PARK, GATE AND COMPANY LIMITED

FINANCIAL STATEMENTS

31 OCTOBER 2015

Company Registration Number 00422148



SAINT & CO

Chartered Accountants & Statutory Auditor
Sterling House
Wavell Drive, Rosehill
Carlisle, Cumbria
CA1 2SA

PARK GATE & COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

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PARK GATE & COMPANY LIMITED

COMPANY INFORMATION

The board of directors	Mr I E Park Mr R A Park
Company secretary	Mr I E Park
Registered office	87 Kingstown Broadway Kingstown Industrial Estate Carlisle CA3 0HA
Auditor	Saint & Co Chartered Accountants & Statutory Auditor Sterling House Wavell Drive, Rosehill Carlisle, Cumbria CA1 2SA
Solicitors	Burnetts Solicitors 6 Victoria Place Carlisle CA1 1ES

PARK GATE & COMPANY LIMITED

STRATEGIC REPORT

YEAR ENDED 31 OCTOBER 2015

BUSINESS REVIEW

Turnover for the group as a whole grew by £1.2m of which £400k was attributable to the subsidiary acquired in late 2014 with the remainder predominantly related to a small number of exceptional contract wins. Current trading is proving more challenging and the Directors do not anticipate being able to maintain these levels of turnover and profit in the 2015/16 financial year.

KEY RISKS FACING THE BUSINESS

The principal risks and uncertainties facing the group are continuity of demand for the goods and services provided by the company, the risk of customer default in respect of work done and the risk of advances in technology or increases in regulations rendering goods or services obsolete or otherwise impacting on recoverable values. An additional and potentially significant risk arising since the year end relates to the uncertainty created by the Referendum result and ultimate British exit from the European Union with the potential for this to impact adversely on the business due to weakness in sterling, delays in project work and investment by customers and possible introduction of trade tariffs.

Signed by order of the directors



Mr I E Park
Company Secretary

Approved by the directors on 18 July 2016

PARK GATE & COMPANY LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2015

The directors present their report and the financial statements of the group for the year ended 31 October 2015.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £549,198. Particulars of dividends paid are detailed in note 10 to the financial statements.

RESEARCH AND DEVELOPMENT

The company undertakes innovative work on a regular basis.

DIRECTORS

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

Mr I E Park

Mr R A Park

Mr G Park (Deceased 09/07/2015)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the group has set out in the group's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that historically would have been included in the business review.

PARK GATE & COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2015

AUDITOR

Saint & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:
87 Kingstown Broadway
Kingstown Industrial Estate
Carlisle
CA3 0HA

Signed by order of the directors



Mr I E Park
Company Secretary

Approved by the directors on 18th July 2016

PARK GATE & COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PARK GATE & COMPANY LIMITED

YEAR ENDED 31 OCTOBER 2015

We have audited the group and parent company financial statements of Park Gate & Company Limited for the year ended 31 October 2015 which comprise the Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Company Balance Sheet, Group Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 October 2015 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PARK GATE & COMPANY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PARK GATE & COMPANY LIMITED *(continued)***

YEAR ENDED 31 OCTOBER 2015

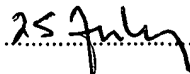
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept 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.

PETER BOOTHROYD (Senior
Statutory Auditor)
For and on behalf of
SAINT & CO
Chartered Accountants
& Statutory Auditor

Sterling House
Wavell Drive, Rosehill
Carlisle, Cumbria
CA1 2SA

 2016

PARK GATE & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2015

	Note	2015 £	2014 £
GROUP TURNOVER	2	11,579,045	10,317,489
Cost of sales		<u>(9,634,210)</u>	<u>(8,906,812)</u>
GROSS PROFIT		1,944,835	1,410,677
Administrative expenses		<u>(1,292,870)</u>	<u>(1,028,414)</u>
Other operating income	3	<u>1,176</u>	<u>—</u>
OPERATING PROFIT	4	653,141	382,263
Interest receivable and similar income		23,848	24,244
Interest payable and similar charges	7	<u>(6,331)</u>	<u>(3,536)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		670,658	402,971
Tax on profit on ordinary activities	8	<u>(121,460)</u>	<u>(55,132)</u>
PROFIT FOR THE FINANCIAL YEAR	9	<u>549,198</u>	<u>347,839</u>

All of the activities of the group are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account.

The notes on pages 14 to 29 form part of these financial statements.

PARK GATE & COMPANY LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 OCTOBER 2015

	2015	2014
	£	£
Profit for the financial year attributable to the shareholders of the parent company	549,198	347,839
Unrealised loss on revaluation of tangible fixed assets:		
Investment Property	(44,036)	—
Total gains and losses recognised since the last annual report	<u>505,162</u>	<u>347,839</u>

The notes on pages 14 to 29 form part of these financial statements.

PARK GATE & COMPANY LIMITED

GROUP BALANCE SHEET

31 OCTOBER 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Intangible assets	11	47,384	—
Tangible assets	12	1,503,728	1,526,691
Investments	13	325,303	488,303
		<u>1,876,415</u>	<u>2,014,994</u>
CURRENT ASSETS			
Stocks	14	620,483	656,722
Debtors	15	2,504,396	2,997,478
Cash at bank and in hand		1,195,292	369,404
		<u>4,320,171</u>	<u>4,023,604</u>
CREDITORS: Amounts falling due within one year	16	<u>(1,875,534)</u>	<u>(1,765,112)</u>
NET CURRENT ASSETS		<u>2,444,637</u>	<u>2,258,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,321,052</u>	<u>4,273,486</u>
CREDITORS: Amounts falling due after more than one year	17	(361,050)	(422,944)
PROVISIONS FOR LIABILITIES			
Deferred taxation	20	(58,547)	(54,249)
		<u>3,901,455</u>	<u>3,796,293</u>
CAPITAL AND RESERVES			
Called up equity share capital	23	1,000	1,000
Revaluation reserve	24	(44,036)	—
Profit and loss account	24	3,944,491	3,795,293
SHAREHOLDERS' FUNDS	25	<u>3,901,455</u>	<u>3,796,293</u>

These accounts were approved by the directors and authorised for issue on 18th July 2016, and are signed on their behalf by:



Mr I E Park



Mr R A Park

The notes on pages 14 to 29 form part of these financial statements.

PARK GATE & COMPANY LIMITED

BALANCE SHEET

31 OCTOBER 2015

		2015	2014
	Note	£	£
FIXED ASSETS			
Tangible assets	12	1,181,949	1,205,619
Investments	13	494,305	488,305
		<u>1,676,254</u>	<u>1,693,924</u>
CURRENT ASSETS			
Stocks	14	543,938	635,533
Debtors	15	2,826,321	3,364,448
Cash at bank and in hand		1,129,999	341,394
		<u>4,500,258</u>	<u>4,341,375</u>
CREDITORS: Amounts falling due within one year	16	<u>(1,767,069)</u>	<u>(1,701,048)</u>
NET CURRENT ASSETS		<u>2,733,189</u>	<u>2,640,327</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,409,443</u>	<u>4,334,251</u>
CREDITORS: Amounts falling due after more than one year	17	(293,585)	(332,457)
PROVISIONS FOR LIABILITIES			
Deferred taxation	20	(52,927)	(51,421)
		<u>4,062,931</u>	<u>3,950,373</u>
CAPITAL AND RESERVES			
Called up equity share capital	23	1,000	1,000
Revaluation reserve	24	(44,036)	—
Profit and loss account	24	4,105,967	3,949,373
SHAREHOLDERS' FUNDS		<u>4,062,931</u>	<u>3,950,373</u>

These accounts were approved by the directors and authorised for issue on 18th July 2016, and are signed on their behalf by:



Mr I E Park



Mr R A Park

Company Registration Number: 00422148

The notes on pages 14 to 29 form part of these financial statements.

PARK GATE & COMPANY LIMITED

GROUP CASH FLOW

YEAR ENDED 31 OCTOBER 2015

	2015		2014
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,310,631		214,771
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	23,848		24,244
Interest paid	(14,086)		(16,571)
Interest element of hire purchase	(2,619)		(149)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	7,143		7,524
TAXATION	(63,120)		(153,860)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	(128,547)		(82,233)
Receipts from sale of fixed assets	7,451		14,933
Acquisition of investments	(6,000)		(6,000)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(127,096)		(73,300)
ACQUISITIONS AND DISPOSALS			
Acquisition of shares in group undertakings	–		(169,000)
Bank balance acquired on purchase of subsidiary	61,674		–
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DISPOSALS	61,674		(169,000)
EQUITY DIVIDENDS PAID	(400,000)		(310,000)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING	789,232		(483,865)
FINANCING			
Repayment of bank loans	(76,162)		(114,325)
Net inflow from other short-term creditors	83,923		107,316
Capital element of hire purchase	28,895		23,127
NET CASH INFLOW FROM FINANCING	36,656		16,118
INCREASE/(DECREASE) IN CASH	825,888		(467,747)

The notes on pages 14 to 29 form part of these financial statements.

PARK GATE & COMPANY LIMITED

GROUP CASH FLOW

YEAR ENDED 31 OCTOBER 2015

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Operating profit	653,141	382,263
Interest payable	10,374	13,184
Amortisation	11,846	6,000
Depreciation	104,072	84,280
Loss/(Profit) on disposal of fixed assets	4,130	(2,122)
Decrease/(increase) in stocks	36,239	(3,507)
Decrease/(increase) in debtors	439,640	(533,543)
Increase in creditors	11,272	268,216
Net stock, debtors and creditors on purchase of subsidiary	39,917	-
Net cash inflow from operating activities	<u>1,310,631</u>	<u>214,771</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2015	2014
	£	£
Increase/(decrease) in cash in the period	825,888	(467,747)
Net cash outflow from bank loans	76,162	114,325
Net (inflow) from other short-term creditors	(83,923)	(107,316)
Cash outflow in respect of hire purchase	<u>(28,895)</u>	<u>(23,127)</u>
	789,232	(483,865)
Change in net funds	789,232	(483,865)
Net debt at 1 November 2014	(77,335)	406,530
Net funds at 31 October 2015	<u>711,897</u>	<u>(77,335)</u>

The notes on pages 14 to 29 form part of these financial statements.

PARK GATE & COMPANY LIMITED

GROUP CASH FLOW

YEAR ENDED 31 OCTOBER 2015

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Nov 2014 £	Cash flows £	At 31 Oct 2015 £
Net cash:			
Cash in hand and at bank	<u>369,404</u>	<u>825,888</u>	<u>1,195,292</u>
Debt:			
Debt due within 1 year	(21,405)	(86,464)	(107,869)
Debt due after 1 year	(402,207)	78,703	(323,504)
Hire purchase agreements	<u>(23,127)</u>	<u>(28,895)</u>	<u>(52,022)</u>
	<u>(446,739)</u>	<u>(36,656)</u>	<u>(483,395)</u>
Net funds	<u>(77,335)</u>	<u>789,232</u>	<u>711,897</u>

The notes on pages 14 to 29 form part of these financial statements.

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its useful economic life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years. Useful economic lives are reviewed at the end of each reporting period and revised if necessary, subject to the constraint that the revised life shall not exceed 20 years from the date of acquisition. The carrying amount at the date of revision is depreciated over the revised estimate of remaining useful economic life.

Amortisation

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

Goodwill - 5 years straight line

Fixed assets

All fixed assets are initially recorded at cost.

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

1. ACCOUNTING POLICIES *(continued)*

Depreciation

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

Leasehold Property	-	2% straight line
Plant & Machinery	-	10% straight line, 10% - 15% reducing balance
Fixtures & Fittings	-	10% - 15% reducing balance
Motor Vehicles	-	25% reducing balance

Investment properties

Investment properties are included in the Balance Sheet at their open market value and are not depreciated in accordance with SSAP 19. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the group.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in Progress

Work in Progress is included in trade debtors in the accounts at the anticipated recoverable value of work completed but not billed at the balance sheet date.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. TURNOVER

The turnover and profit before tax of the group are mainly attributable to sales within the UK, with £29,703 (2014: £51,925) arising overseas.

3. OTHER OPERATING INCOME

	2015	2014
	£	£
Other operating income	<u>1,176</u>	<u>—</u>

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Amortisation of intangible assets	11,846	6,000
Depreciation of owned fixed assets	91,846	83,507
Depreciation of assets held under hire purchase agreements	12,226	773
Loss/(Profit) on disposal of fixed assets	4,130	(2,122)
Operating lease charges	52,144	41,510
Auditor's remuneration		
- as auditor	14,500	10,250
- for other services	24,400	18,630

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2015	2014
	£	£
Audit	14,500	10,250
Accountancy	23,400	17,630
Taxation	1,000	1,000
	<u>38,900</u>	<u>28,880</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2015	2014
	No.	No.
Production staff	100	94
Administrative staff	9	9
	<u>109</u>	<u>103</u>

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	3,184,243	2,877,287
Social security costs	316,291	312,181
Other pension costs	155,917	108,177
Pensions paid to former employees	28,688	29,538
	<u>3,685,139</u>	<u>3,327,183</u>

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

6. DIRECTORS' REMUNERATION

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

	2015	2014
	£	£
Aggregate remuneration	32,909	36,774
Value of company pension contributions to money purchase schemes	45,000	5,000
Excess retirement benefits funded by the company:		
- Pensions as directors	16,150	22,100
	<u>94,059</u>	<u>63,874</u>

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

	2015	2014
	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Finance charges	2,619	149
Other similar charges payable	3,712	3,387
	<u>6,331</u>	<u>3,536</u>

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015		2014
	£	£	£
Current tax:			
In respect of the year:			
UK Corporation tax based on the results for the year at 20% (2014 - 21.83%)	117,392		63,120
(Over)/under provision in prior year	(230)		-
Total current tax	<u>117,162</u>		<u>63,120</u>
Deferred tax:			
Origination and reversal of timing differences (note 20)			
Capital allowances	4,255		(5,474)
Losses	2,555		(1,026)
Other	<u>(2,512)</u>		<u>(1,488)</u>
Total deferred tax (note 20)		4,298	(7,988)
Tax on profit on ordinary activities		<u>121,460</u>	<u>55,132</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2014 - 21.83%).

	2015	2014
	£	£
Profit on ordinary activities before taxation	<u>670,658</u>	<u>402,971</u>
Profit on ordinary activities by rate of tax	134,132	87,968
Expenses not deductible for tax	10,923	9,494
Non-taxable income	(2,458)	(2,263)
Capital allowances in excess of depreciation	(3,628)	5,523
Movement in short term timing differences	2,512	1,624
Marginal relief	-	(951)
Research & development claim	(24,122)	(36,470)
Utilisation of tax losses	<u>(197)</u>	<u>(1,805)</u>
Total current tax (note 8(a))	<u>117,162</u>	<u>63,120</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £556,594 (2014 - £341,743).

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

10. DIVIDENDS

Equity dividends

	2015	2014
	£	£
Paid		
Equity dividends on ordinary shares	400,000	310,000

11. INTANGIBLE ASSETS

Group	Goodwill
	£
COST	
At 1 November 2014	117,500
Additions	59,230
Acquired on purchase of subsidiary	12,000
At 31 October 2015	188,730
AMORTISATION	
At 1 November 2014	117,500
Charge for the year	11,846
Acquired on purchase of subsidiary	12,000
At 31 October 2015	141,346
NET BOOK VALUE	
At 31 October 2015	47,384
At 31 October 2014	-

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

12. TANGIBLE ASSETS

Group	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Other Assets £	Total £
COST OR VALUATION						
At 1 Nov 2014	520,441	863,332	402,182	79,035	407,224	2,272,214
Additions	–	–	15,251	3,095	110,201	128,547
Disposals	–	–	–	(141)	(82,369)	(82,510)
Revaluation	–	–	–	–	(44,036)	(44,036)
Transfers	(234,036)	–	–	–	234,036	–
Acquired on purchase of subsidiary			30,606		53,921	84,527
At 31 Oct 2015	286,405	863,332	448,039	81,989	678,977	2,358,742
DEPRECIATION						
At 1 Nov 2014	–	147,464	304,148	44,368	249,543	745,523
Charge for the year	–	17,266	23,639	5,607	57,560	104,072
On disposals	–	–	–	–	(70,929)	(70,929)
Acquired on purchase of subsidiary	–	–	28,968	–	47,380	76,348
At 31 Oct 2015	–	164,730	356,755	49,975	283,554	855,014
NET BOOK VALUE						
At 31 Oct 2015	286,405	698,602	91,284	32,014	395,423	1,503,728
At 31 Oct 2014	520,441	715,868	98,034	34,667	157,681	1,526,691

Hire purchase agreements

Included within the net book value of £1,503,728 is £69,990 (2014 - £36,342) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,226 (2014 - £773).

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

12. TANGIBLE ASSETS *(continued)*

Company	Freehold Property £	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Investment Property £	Total £
COST OR VALUATION						
At 1 Nov 2014	234,036	863,332	402,182	407,224	–	1,906,774
Additions	–	–	13,951	110,201	–	124,152
Disposals	–	–	–	(43,944)	–	(43,944)
Revaluation	–	–	–	–	(44,036)	(44,036)
Transfers	(234,036)	–	–	–	234,036	–
At 31 Oct 2015	–	863,332	416,133	473,481	190,000	1,942,946
DEPRECIATION						
At 1 Nov 2014	–	147,464	304,148	249,543	–	701,155
Charge for the year	–	17,266	22,912	56,986	–	97,164
On disposals	–	–	–	(37,322)	–	(37,322)
At 31 Oct 2015	–	164,730	327,060	269,207	–	760,997
NET BOOK VALUE						
At 31 Oct 2015	–	698,602	89,073	204,274	190,000	1,181,949
At 31 Oct 2014	234,036	715,868	98,034	157,681	–	1,205,619

Hire purchase agreements

Included within the net book value of £1,181,949 is £69,990 (2014 - £36,342) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,226 (2014 - £773).

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

13. INVESTMENTS

Group	Group Companies £	Listed investments £	Total £
COST			
At 1 November 2014	169,000	319,303	488,303
Additions	-	6,000	6,000
Removed on consolidation	(169,000)	-	(169,000)
At 31 October 2015	<u>-</u>	<u>325,303</u>	<u>325,303</u>
NET BOOK VALUE			
At 31 October 2015	<u>-</u>	<u>325,303</u>	<u>325,303</u>
At 31 October 2014	<u>169,000</u>	<u>319,303</u>	<u>488,303</u>

Listed investments

Listed investments having a net book value of £325,303 (2014 - £319,303) are held by the company and had a market value of £636,932 at the end of the year (2014 - £611,269).

Company	Group companies £	Listed investments £	Total £
COST			
At 1 November 2014	169,002	319,303	488,305
Additions	-	6,000	6,000
At 31 October 2015	<u>169,002</u>	<u>325,303</u>	<u>494,305</u>
NET BOOK VALUE			
At 31 October 2015	<u>169,002</u>	<u>325,303</u>	<u>494,305</u>
At 31 October 2014	<u>169,002</u>	<u>319,303</u>	<u>488,305</u>

Listed investments

Listed investments having a net book value of £325,303 (2014 - £319,303) are held by the company and had a market value of £636,932 at the end of the year (2014 - £611,269).

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

13. INVESTMENTS *(continued)*

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the company:				
Sark Services Limited	England	Ordinary shares	100%	Fish and chip shop
Premium Power Units Limited	Scotland	Ordinary shares	100%	Distributor of electric motors
Acquisitions				

During the 2014 year end the group acquired Premium Power Units Limited, for a consideration of £169,000 satisfied by cash, in the 2014 accounts the investment was accounted for as an investment and included in the group's and company's balance sheets at its cost. In 2015 Premium Power Units Limited has been consolidated in the group accounts and has been accounted for under the acquisition method.

The book value of each class of asset and liability, immediately prior to acquisition, was considered to be the same as the fair value of each class of assets and liabilities, at the date of acquisition. The fair values of each class of assets and liabilities at the date of acquisition are listed below:

	2015 £
Fixed Assets	8,179
Stock	59,138
Debtors	65,478
Cash at bank and in hand	61,674
Creditors	84,699

The amount of purchased goodwill was £59,230.

The results of the acquired subsidiary in the period since acquisition were as follows; turnover £413,752, loss for the period of £6,716 and Capital and Reserves at period end £103,054.

14. STOCKS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Raw materials and goods for resale	<u>620,483</u>	<u>656,722</u>	<u>543,938</u>	<u>635,533</u>

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

15. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	2,427,025	2,897,578	2,379,155	2,897,578
Amounts owed by group undertakings	—	2,172	372,671	371,141
Other debtors	837	53,442	838	53,442
Prepayments and accrued income	76,534	44,286	73,657	42,287
	<u>2,504,396</u>	<u>2,997,478</u>	<u>2,826,321</u>	<u>3,364,448</u>

16. CREDITORS: Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	77,388	74,847	54,974	53,040
Trade creditors	998,021	931,622	956,879	913,095
Hire purchase agreements	14,476	2,390	14,476	2,390
Other creditors including taxation and social security:				
Taxation and social security	419,199	444,761	404,971	431,499
Other creditors	36,514	27,096	24,754	27,096
Directors current accounts	30,481	—	30,481	—
Accruals and deferred income	299,455	284,396	280,534	273,928
	<u>1,875,534</u>	<u>1,765,112</u>	<u>1,767,069</u>	<u>1,701,048</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	77,388	74,847	54,974	53,040
Hire purchase	14,476	2,390	14,476	2,390
	<u>91,864</u>	<u>77,237</u>	<u>69,450</u>	<u>55,430</u>

Bank loans and overdrafts are secured by charges over group assets.

17. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	323,504	402,207	256,039	311,720
Hire purchase agreements	37,546	20,737	37,546	20,737
	<u>361,050</u>	<u>422,944</u>	<u>293,585</u>	<u>332,457</u>

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

17. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	323,504	402,206	256,039	311,720
Hire purchase	37,546	20,737	37,546	20,737
	<u>361,050</u>	<u>422,943</u>	<u>293,585</u>	<u>332,457</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	<u>47,589</u>	<u>92,813</u>	<u>47,589</u>	<u>89,553</u>

The above loans are all repayable in monthly instalments at varying interest rates above the Bank of England base rate.

18. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2015	2014
	£	£
Group and Company		
Amounts payable within 1 year	(14,476)	(2,390)
Amounts payable between 2 to 5 years	<u>(37,546)</u>	<u>(20,737)</u>
	<u>(52,022)</u>	<u>(23,127)</u>

19. PENSIONS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

The company contributed £155,917 (2014 - £108,177) in the year to the defined contribution arrangement. At the balance sheet date there were outstanding contributions of £18,527 (2014: £19,029) owing to the scheme.

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

20. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Provision brought forward	54,249	62,237	51,421	60,678
Increase/(Decrease) in provision	4,298	(7,988)	1,506	(9,257)
Provision carried forward	<u>58,547</u>	<u>54,249</u>	<u>52,927</u>	<u>51,421</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2015		2014	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	62,885	-	58,630	-
Tax losses available	(338)	-	(2,893)	-
Other timing differences	(4,000)	-	(1,488)	-
	<u>58,547</u>	<u>-</u>	<u>54,249</u>	<u>-</u>

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2015		2014	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	56,927	-	52,909	-
Other timing differences	(4,000)	-	(1,488)	-
	<u>52,927</u>	<u>-</u>	<u>51,421</u>	<u>-</u>

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

21. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2015 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	5,575	-	5,513
Within 2 to 5 years	11,250	7,111	-	11,774
After more than 5 years	15,128	-	15,128	-
	<u>26,378</u>	<u>12,686</u>	<u>15,128</u>	<u>17,287</u>

At 31 October 2015 the company had annual commitments under non-cancellable operating leases as set out below.

Company	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	5,575	-	5,513
Within 2 to 5 years	-	7,111	-	11,774
After more than 5 years	15,128	-	15,128	-
	<u>15,128</u>	<u>12,686</u>	<u>15,128</u>	<u>17,287</u>

22. RELATED PARTY TRANSACTIONS

The company was under the control of Mr I Park & Mr R Park throughout the current and previous year. Mr I Park & Mr R Park are the managing directors and sole shareholders.

During the year the directors were advanced a total of £26,326. All amounts, including brought forward amounts have been repaid to the company during the year. At the year end the directors were owed by the company £30,481 (2014 - the directors owed the company £53,442) and this is included within creditors falling due within one year (2014: debtors falling due within one year).

During the year dividends of £200,000 were paid to Mr I Park and £200,000 were paid to Mr R Park.

The figures disclosed above are aggregate amounts.

PARK GATE & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2015

23. SHARE CAPITAL

Allotted, called up and fully paid:

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

24. RESERVES

Group	Revaluation reserve £	Profit and loss account £
Balance brought forward	–	3,795,293
Profit for the year	–	549,198
Equity dividends	–	(400,000)
Other gains and losses		
- Revaluation of fixed assets	(44,036)	–
Balance carried forward	<u>(44,036)</u>	<u>3,944,491</u>

Company	Revaluation reserve £	Profit and loss account £
Balance brought forward	–	3,949,373
Profit for the year	–	556,594
Equity dividends	–	(400,000)
Other gains and losses		
- Revaluation of fixed assets	(44,036)	–
Balance carried forward	<u>(44,036)</u>	<u>4,105,967</u>

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Profit for the financial year	549,198	347,839
Other net recognised gains and losses	(44,036)	–
Equity dividends	<u>(400,000)</u>	<u>(310,000)</u>
Net addition to shareholders' funds	105,162	37,839
Opening shareholders' funds	<u>3,796,293</u>	<u>3,758,454</u>
Closing shareholders' funds	<u>3,901,455</u>	<u>3,796,293</u>