

**COMPANY REGISTRATION NUMBER: 00470272**  
**Amended financial statement**

**A E Chapman & Son Limited**  
**Abbreviated Financial Statements**  
**30th June 2016**

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**A E Chapman & Son Limited**  
**Abbreviated Financial Statements**  
**Year Ended 30th June 2016**

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# **A E Chapman & Son Limited**

## **Strategic Report**

### **Year Ended 30th June 2016**

AE Chapman and Son Ltd continues to be one of the UK's leading wholesalers of glass containers, sourcing and supplying a range of bottles for wines, spirits, beers, ciders and minerals.

Despite a drop in turnover, the company has again managed to grow its small and medium customer base at a manageable pace. Its relations with existing customers and suppliers remains strong and the company's position within the industry is strong.

Turnover has dropped in the last two consecutive years primarily due to a change in trading style concerning tightly priced contracts. The company made the conscious decision to hand a contract direct to one of its main suppliers and instead of earning a markup on product sale, now earns a commission based on sales levels. This has proven to be profitable and there is no requirement for the company to handle product. In addition, turnover has suffered due to furnace rebuilds carried out by main suppliers to the whole industry causing a major lack of some bottles. Although this is now over, the whole manufacturing of bottles throughout Europe, is very tight to-date; forward order times, in some cases, are still relatively long.

Turnover in the period fell by 9.53% to £11,157,930 from £12,333,134 in 2015 but, despite this fall, the company has seen an improved gross profit margin, moving from 13.5% in 2015 to 14.9% in 2016. This is due to the addition of small and medium sized customers. In the months following 30 June 2016 the company has seen an increase in turnover on prior years, mainly in better priced markets.

Net operating margin for 2016 was 3.29% against 4.51% in 2015 and its net profit margin -1.54% and 1.88% respectively. The results for 2016 have been significantly affected by the company's continued impairment review of the investments it holds and their fair value. In this period a total of £410,000 has been written off (2015 - £213,419) which has resulted in the company making a loss of £46,986 in 2016. Had this write off not occurred the company would have made a profit of £363,014 and had a positive net profit margin of 3.25%. The non-performing investments have now been written off and the company only recognises a value of those where trade continues. An annual impairment review will be carried out each period but unless something unexpected occurs with the remaining investment, the company remains confident no further write downs will occur.

In the period to 30 June 2016, the company revalued its properties. The uplift in value is reflected in the financial statements and has been the main factor behind the improved member funds which stand at just over £6.6m. The increased value has resulted in an increased buildings depreciation charge which for 2016 was £160,956 but in 2015 was £18,229. This difference of £142,727 is another factor for the variance between the two periods. Had the additional depreciation not been charged this, combined with the investment write off above, would have resulted in a net profit of £505,741.

The properties were revalued as per the requirements of FRS102 and were carried out by professional and independent companies who know their areas. They were asked to provide fair values, taking in to consideration present day rental values and excluding any future potential redevelopment value.

Although the company has made a loss in the period, its financial position remains positive and it continues to trade without having to rely on external finance. The relationship with its bankers and trade suppliers is as strong as ever and customer relations continue to thrive with new additions being added on a regular basis.

The company operates in an industry which, like many others, is susceptible to risks and uncertainties and these are reviewed regularly and mitigated where possible.

A significant lack of product in the market is normally an unlikely risk to encounter but as experienced over the past two years it is a real possibility. The company managed to mitigate and limit the disruption caused by extensive planning of orders and deliveries and communicating and working closely with all of its customers and suppliers. The rebuild of a furnace on this scale is not a regular occurrence so such a disruption is not expected in the foreseeable future but nonetheless the company has proven it can cope with such matters.

The company is always conscious of being too reliant on one or a small number of customers which is why it is always actively growing its customer base to avoid any potential problems. Obviously some

## A E Chapman & Son Limited

### Strategic Report *(continued)*

Year Ended 30th June 2016

customers are larger than others and trading requirements will differ across the customer range but the company prides itself on being able to service a multitude of customers irrespective of their size and requirements.

By ensuring it is part of a reliable supply chain serviceable by a number of key suppliers the company tries to not rely heavily on any one source of product which in turn means it can best service the needs of its clients. This has proven to be successful over the years and will as in to the future.

This report was approved by the board of directors on 11 August 17 and signed on behalf of the board by:



Mrs K L Chaproniere  
Finance Director

Registered office:  
2 Timbermill Way  
Gauden Road  
Clapham  
London  
United Kingdom  
SW4 6LY

# **A E Chapman & Son Limited**

## **Directors' Report**

### **Year Ended 30th June 2016**

The directors present their report and the abbreviated financial statements of the company for the year ended 30th June 2016.

#### **Directors**

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

Mr A E Chapman  
Mr A E Chapman  
Mrs K L Chaproniere

#### **Dividends**

Particulars of recommended dividends are detailed in note 13 to the financial statements.

#### **Future Developments**

Since the period end, the company has not experienced any significant changes or developments. It continues to increase its small and medium sized customers and maintains its strong position in the market.

More recently the company has seen a steady growth and increased demand for its labelling service and strongly believes it can double this revenue stream with very little additional cost. If this proves to be a profitable and successful area to further develop, some capital investment may be required in new plant and machinery to facilitate this growth and expansion of an already, albeit currently small, service it can offer its client base.

During 2015 and 2016 the company spent a significant amount on repairs and maintenance which was related to the updating and improvements of its premises. These costs are not recurring items and its repairs and maintenance costs are expected to return to its normal levels of £20-30,000 per annum from the 2016/17 period onwards. Assuming continued trading levels and no major unexpected costs, this reduced expenditure will help the company achieve ongoing net profits of over £500,000.

#### **Disclosure of Information in the Strategic Report**

In accordance with Section 414C(11) of the Companies Act 2006, the company has produced a Strategic Report containing details of its performance and required disclosures. The Strategic Report is included within these financial statements.

#### **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 profit or loss of the company for that period.

## A E Chapman & Son Limited

### Directors' Report *(continued)*

#### Year Ended 30th June 2016

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company will continue in business.

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

#### Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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.

This report was approved by the board of directors on 11 August 2017 and signed on behalf of the board by:



Mrs K L Chaproniere  
Finance Director

Registered office:  
2 Timbermill Way  
Gauden Road  
Clapham  
London  
United Kingdom  
SW4 6LY

## **A E Chapman & Son Limited**

### **Independent Auditor's Report to A E Chapman & Son Limited under section 449 of the Companies Act 2006**

**Year Ended 30th June 2016**

We have examined the abbreviated financial statements which comprise the abbreviated statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, together with the financial statements of A E Chapman & Son Limited for the year ended 30th June 2016 prepared under section 396 of the Companies Act 2006.

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 auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of Directors and Auditor**

The directors are responsible for preparing the abbreviated financial statements in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements to the Registrar of Companies and whether the abbreviated financial statements have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated financial statements have been properly prepared in accordance with the regulations made under that section.



Anthony Morris (Senior Statutory Auditor)

For and on behalf of  
Chappell Cole & Co Ltd  
Chartered accountant

Heritage House  
34b North Cray Road  
Bexley  
Kent  
DA5 3LZ

4<sup>th</sup> September 2017

**A E Chapman & Son Limited**  
**Abbreviated Statement of Comprehensive Income**  
**Year Ended 30th June 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	<b>4</b>	<b>11,157,930</b>	12,333,134
Cost of sales and other operating income		9,334,375	10,469,100
Administrative expenses		<u>1,456,772</u>	<u>1,308,238</u>
<b>Operating Profit</b>	<b>6</b>	<b>366,783</b>	555,796
Other interest receivable and similar income		13,239	4,972
Amounts written off investments	10	410,000	213,419
Interest payable and similar charges	11	<u>17,008</u>	<u>17,289</u>
<b>(Loss)/Profit on Ordinary Activities Before Taxation</b>		<b>(46,986)</b>	330,060
Tax on (loss)/profit on ordinary activities	12	<u>124,969</u>	<u>98,019</u>
<b>(Loss)/Profit for the Financial Year</b>		<b>(171,955)</b>	<u>232,041</u>
Revaluation of tangible assets		4,159,680	—
Tax relating to components of other comprehensive income		<u>(669,233)</u>	—
<b>Other Comprehensive Income for the Year</b>		<b>3,490,447</b>	—
<b>Total Comprehensive Income for the Year</b>		<b><u>3,318,492</u></b>	<u>232,041</u>

All the activities of the company are from continuing operations.

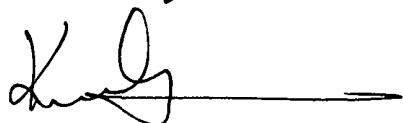


**A E Chapman & Son Limited****Statement of Financial Position****30th June 2016**

	Note	2016 £	2015 £
<b>Fixed Assets</b>			
Tangible assets	15	6,809,493	2,837,230
Investments	16	378,892	788,892
		<u>7,188,385</u>	<u>3,626,122</u>
<b>Current Assets</b>			
Stocks	17	471,243	533,933
Debtors	18	2,331,031	1,585,339
Cash at bank and in hand		607,211	423,630
		<u>3,409,485</u>	<u>2,542,902</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>2,831,645</u>	<u>1,959,676</u>
<b>Net Current Assets</b>		<u>577,840</u>	<u>583,226</u>
<b>Total Assets Less Current Liabilities</b>		<u>7,766,225</u>	<u>4,209,348</u>
<b>Creditors: amounts falling due after more than one year</b>	20	479,321	604,362
<b>Provisions</b>			
Taxation including deferred tax	21	676,588	13,162
<b>Net Assets</b>		<u>6,610,316</u>	<u>3,591,824</u>
<b>Capital and Reserves</b>			
Called up share capital	25	20,000	20,000
Revaluation reserve	26	3,490,447	—
Capital reserve	26	—	63,602
Profit and loss account	26	3,099,869	3,508,222
<b>Members Funds</b>		<u>6,610,316</u>	<u>3,591,824</u>

These financial statements have been prepared in accordance with the special provisions of section 445(3) Companies Act 2006 in regard to medium-sized companies.

These abbreviated financial statements were approved by the board of directors and authorised for issue on 11 August 2016 and are signed on behalf of the board by:



Mrs K L Chaproniere  
Finance Director

Company registration number: 00470272

# A E Chapman & Son Limited

## Statement of Changes in Equity

Year Ended 30th June 2016

	Note	Called up share capital £	Revaluation reserve £	Capital reserve £	Profit and loss account £	Total £
<b>At 1st July 2014</b>		20,000	—	63,602	3,576,181	3,659,783
Profit for the year		—	—	—	232,041	232,041
<b>Total Comprehensive Income for the Year</b>		—	—	—	232,041	232,041
Dividends paid and payable	13	—	—	—	(300,000)	(300,000)
<b>Total Investments by and Distributions to Owners</b>		—	—	—	(300,000)	(300,000)
<b>At 30th June 2015</b>		20,000	—	63,602	3,508,222	<b>3,591,824</b>
Loss for the year					(171,955)	(171,955)
Other comprehensive income for the year:						
Revaluation of tangible assets	15	—	4,159,680	—	—	4,159,680
Transfer to/from Profit and loss account		—	—	(63,602)	63,602	—
Tax relating to components of other comprehensive income	12	—	(669,233)	—	—	(669,233)
<b>Total Comprehensive Income for the Year</b>		—	3,490,447	(63,602)	(108,353)	<b>3,318,492</b>
Dividends paid and payable	13	—	—	—	(300,000)	(300,000)
<b>Total Investments by and Distributions to Owners</b>		—	—	—	(300,000)	(300,000)
<b>At 30th June 2016</b>		<b>20,000</b>	<b>3,490,447</b>	<b>—</b>	<b>3,099,869</b>	<b>6,610,316</b>

# A E Chapman & Son Limited

## Statement of Cash Flows

Year Ended 30th June 2016

	2016 £	2015 £
<b>Cash Flows from Operating Activities</b>		
(Loss)/profit for the financial year	(171,955)	232,041
<i>Adjustments for:</i>		
Depreciation of tangible assets	207,470	68,874
Amounts written off investments	410,000	213,419
Other interest receivable and similar income	(13,239)	(4,972)
Interest payable and similar charges	17,008	17,289
Gains on disposal of tangible assets	–	(4,412)
Tax on (loss)/profit on ordinary activities	124,969	98,019
Accrued income	(14,328)	(23,740)
<i>Changes in:</i>		
Stocks	62,690	125,817
Trade and other debtors	(742,547)	432,135
Trade and other creditors	742,765	(647,235)
Cash generated from operations	622,833	507,235
Interest paid	(17,008)	(17,289)
Interest received	13,239	4,972
Tax received/(paid)	37,640	(170,793)
Net cash from operating activities	<u>656,704</u>	<u>324,125</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of tangible assets	(20,053)	(178,129)
Proceeds from sale of tangible assets	–	29,000
Purchases of other investments	–	(15,979)
Net cash used in investing activities	<u>(20,053)</u>	<u>(165,108)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	(153,070)	(156,144)
Dividends paid	(300,000)	(300,000)
Net cash used in financing activities	<u>(453,070)</u>	<u>(456,144)</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>183,581</b>	<b>(297,127)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>423,630</b>	<b>720,757</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>607,211</u></b>	<b><u>423,630</u></b>

The notes on pages 10 to 24 form part of these financial statements.

# A E Chapman & Son Limited

## Notes to the Abbreviated Financial Statements

Year Ended 30th June 2016

### 1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 2 Timbermill Way, Gauden Road, Clapham, London, SW4 6LY, United Kingdom.

### 2. Amended Financial Statements

These financial statements replace the set previously filed and are now the final statutory financial statements.

### 3. Accounting Policies

#### Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st July 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 29.

#### Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

##### Investment property

Investment property is recognised at fair value, with changes being reported in profit and loss. The company engaged an independent specialist to provide a value based on their experience and knowledge. As there are no comparable properties in the local vicinity the company has adopted the valuers valuation but believes it to be on the conservative side.

##### Freehold property

The company's trading premises is located in Clapham, South West London. It was purchased in mid-1994 and always recognised at cost. As the London property market has seen a significant uplift over the years, it was deemed more appropriate to adopt a revaluation model and present the land and buildings using up to date values. The valuation of freehold land and buildings was provided by an independent valuer.

## A E Chapman & Son Limited

### Notes to the Abbreviated Financial Statements *(continued)*

#### Year Ended 30th June 2016

#### 3. Accounting Policies *(continued)*

##### Revenue Recognition

The turnover shown in the profit and loss account represents the value of sales and services provided during the year, including estimates of amounts not invoiced, exclusive of value added tax. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

##### Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### Foreign Currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

##### Goodwill

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful 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. The period of amortisation is determined by the future benefits realisable by the company.

##### Amortisation

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

Goodwill	-	20% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

##### Tangible Assets

The revaluation changes in the current period are reflected in Note 15 to the financial statements

## A E Chapman & Son Limited

### Notes to the Abbreviated Financial Statements *(continued)*

#### Year Ended 30th June 2016

### 3. Accounting Policies *(continued)*

#### Depreciation

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

Freehold property	- 2% straight line
Leasehold property	- 2% straight line
Vehicles	- 25% reducing balance
Equipment	- 33% straight line

#### Investment Property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

#### Investments in Associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

#### Investments in Joint Ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

## A E Chapman & Son Limited

### Notes to the Abbreviated Financial Statements *(continued)*

**Year Ended 30th June 2016**

#### **3. Accounting Policies *(continued)***

##### **Investments in Joint Ventures *(continued)***

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

##### **Impairment of Fixed Assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

##### **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Stock is allocated and sold on a first in, first out basis.

##### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### **Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# A E Chapman & Son Limited

## Notes to the Abbreviated Financial Statements *(continued)*

**Year Ended 30th June 2016**

### 3. Accounting Policies *(continued)*

#### Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

### 4. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	<u>11,157,930</u>	<u>12,333,134</u>

### 5. Other Operating Income

	2016 £	2015 £
Rental income	160,009	160,009
Other operating income	—	38,000
	<u>160,009</u>	<u>198,009</u>

Included in Other income for 2015 was £38,000 compensation payable to the company. In the period to 30 June 2012 the company paid £68,000 for new a computer program. The program never worked and could not be salvaged and as such was written off in the period ended 30 June 2013 for nil proceeds. The company sought compensation from the software designer and was granted damages totalling £38,000. No such income was received in the current period.

### 6. Operating Profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	207,470	68,874
Gains on disposal of tangible assets	—	(4,412)
Impairment of trade debtors	20,246	—
Foreign exchange differences	<u>(17,115)</u>	<u>6,425</u>



# A E Chapman & Son Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year Ended 30th June 2016

### 7. Auditor's Remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>5,500</u>	<u>4,500</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>25,963</u>	<u>26,918</u>

### 8. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Production staff	11	12
Administrative staff	5	7
Management staff	<u>4</u>	<u>4</u>
	<u>20</u>	<u>23</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	733,392	681,892
Social security costs	80,614	81,005
Other pension costs	<u>119,533</u>	<u>123,795</u>
	<u>933,539</u>	<u>886,692</u>

### 9. Directors' Remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	220,800	220,800
Company contributions to defined contribution pension plans	80,000	88,794
Excess retirement benefits of directors and past directors	<u>30,000</u>	<u>30,000</u>
	<u>330,800</u>	<u>339,594</u>

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

	2016	2015
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016	2015
	£	£
Aggregate remuneration	110,400	110,400
Company contributions to defined contribution pension plans	<u>40,000</u>	<u>44,397</u>
	<u>150,400</u>	<u>154,797</u>

# A E Chapman & Son Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year Ended 30th June 2016

### 10. Amounts Written Off Investments

	2016 £	2015 £
Impairment of other fixed asset investments	<u>410,000</u>	<u>213,419</u>

### 11. Interest Payable and Similar Charges

	2016 £	2015 £
Interest on banks loans and overdrafts	<u>17,008</u>	<u>17,289</u>

### 12. Tax on (Loss)/Profit on Ordinary Activities

#### Major components of tax expense

	2016 £	2015 £
<b>Current tax:</b>		
UK current tax expense	113,129	83,880
Adjustments in respect of prior periods	<u>20,792</u>	<u>80</u>
Total current tax	<u>133,921</u>	<u>83,960</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>(8,952)</u>	<u>14,059</u>
<b>Tax on (loss)/profit on ordinary activities</b>	<u>124,969</u>	<u>98,019</u>

#### Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £669,233 (2015: £Nil).

#### Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.26%).

	2016 £	2015 £
(Loss)/profit on ordinary activities before taxation	<u>(46,986)</u>	<u>330,060</u>
(Loss)/profit on ordinary activities by rate of tax	<u>(12,796)</u>	<u>86,976</u>
Adjustment to tax charge in respect of prior periods	–	80
Effect of expenses not deductible for tax purposes	152,852	35,597
Effect of capital allowances and depreciation	(6,135)	(38,686)
Utilisation of tax losses	(8,952)	14,059
Rounding on tax charge	–	(7)
<b>Tax on (loss)/profit on ordinary activities</b>	<u>124,969</u>	<u>98,019</u>

# A E Chapman & Son Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year Ended 30th June 2016

### 13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £	2015 £
Dividends on ordinary shares	<u>300,000</u>	<u>300,000</u>

### 14. Intangible Assets

	Goodwill £
<b>Cost</b>	
At 1 Jul 2015 and 30 Jun 2016	<u>47,000</u>
<b>Amortisation</b>	
At 1 Jul 2015 and 30 Jun 2016	<u>47,000</u>
<b>Carrying amount</b>	
At 30th June 2016	<u>—</u>

### 15. Tangible Assets

	Freehold property £	Long leasehold property £	Investment property £	Motor vehicles £	Equipment £	Total £
<b>Cost or valuation</b>						
At 1 Jul 2015	813,217	535,753	1,740,000	211,211	460,512	<b>3,760,693</b>
Additions	—	—	—	—	20,053	<b>20,053</b>
Revaluations	4,159,680	—	—	—	—	<b>4,159,680</b>
Transfers	527,103	(527,103)	—	—	—	<b>—</b>
<b>At 30 Jun 2016</b>	<u>5,500,000</u>	<u>8,650</u>	<u>1,740,000</u>	<u>211,211</u>	<u>480,565</u>	<b><u>7,940,426</u></b>
<b>Depreciation</b>						
At 1 Jul 2015	148,762	195,586	—	211,211	367,904	<b>923,463</b>
Charge for the year	160,956	174	—	—	46,340	<b>207,470</b>
Transfers	190,718	(190,718)	—	—	—	<b>—</b>
<b>At 30 Jun 2016</b>	<u>500,436</u>	<u>5,042</u>	<u>—</u>	<u>211,211</u>	<u>414,244</u>	<b><u>1,130,933</u></b>
<b>Carrying amount</b>						
At 30 Jun 2016	<u>4,999,564</u>	<u>3,608</u>	<u>1,740,000</u>	<u>—</u>	<u>66,321</u>	<b><u>6,809,493</u></b>
At 30 Jun 2015	<u>664,455</u>	<u>340,167</u>	<u>1,740,000</u>	<u>—</u>	<u>92,608</u>	<b><u>2,837,230</u></b>

## A E Chapman & Son Limited

### Notes to the Abbreviated Financial Statements *(continued)*

#### Year Ended 30th June 2016

#### 15. Tangible Assets *(continued)*

The company's investment property was valued in February 2017 on an open market basis.

The valuation was conducted by a suitably qualified individual from a firm independent from the company and knowledgeable and experienced in the local area.

A building survey was not conducted in arriving at the valuation, it assumes the property was not constructed from any deleterious or hazardous materials and that the property and its value remain unaffected by any matters which would be revealed by a local search.

The investment property was purchased in August 2007 for £1,845,332.

#### **Tangible assets held at valuation**

The company's freehold property in Clapham was revalued in February 2017.

A suitably qualified independent valuer registered with RICS and who has knowledge of the local market conducted the valuation.

The valuation has been conducted using methodology as prescribed in The Red Book. No building survey was carried out nor were any of the services tested.

The revaluation of the Clapham premises included the element of buildings previously recognised as leasehold because it was originally purchased as such. In this period the leasehold element has been transferred to freehold as it is a more accurate reflection of the buildings owned and its combined total value.

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	<b>Freehold property £</b>
<b>At 30th June 2016</b>	
Aggregate cost	<b>1,340,320</b>
Aggregate depreciation	<b>(339,480)</b>
<b>Carrying value</b>	<b><u>1,000,840</u></b>
 <b>At 30th June 2015</b>	
Aggregate cost	813,217
Aggregate depreciation	<u>(148,762)</u>
<b>Carrying value</b>	<b><u>664,455</u></b>

# A E Chapman & Son Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year Ended 30th June 2016

### 16. Investments

	Other investments other than loans £
<b>Cost</b>	
At 1 Jul 2015 and 30 Jun 2016	<u>1,311,278</u>
<b>Impairment</b>	
At 1st July 2015	522,386
Impairment losses	<u>410,000</u>
At 30th June 2016	<u>932,386</u>
<b>Carrying amount</b>	
At 30th June 2016	<u>378,892</u>
At 30th June 2015	<u>788,892</u>

The company has the following associated undertakings:

Name	Country of Registration	Class of Share	Proportion Held	Nature of Business
Wokka Spirits Limited	England	Ordinary shares	45.89%	Production and marketing of branded spirits
Thames Distillers Limited	England	Ordinary shares	39.26%	Producers and suppliers of spirits

### Investments in associates and joint ventures

Summarised financial information of associates:

	2016 £	2015 £
Summarised SOFP information - Thames Distillers Limited	(992,158)	(1,016,465)
Summarised SOFP information - Wokka Spirits Limited	<u>8,732</u>	<u>11,520</u>
Summarised income statement information - Thames Distillers Limited	24,307	58,027
Summarised income statement information - Wokka Spirits Limited	<u>(2,788)</u>	<u>(6,510)</u>

The results for Thames Distillers Ltd and Wokka Spirits Limited are taken from the 30th June 2016 financial statements.

### 17. Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>471,243</u>	<u>533,933</u>

# A E Chapman & Son Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year Ended 30th June 2016

### 18. Debtors

	2016	2015
	£	£
Trade debtors	1,418,054	1,290,767
Amounts owed by undertakings in which the company has a participating interest	6,752	17,685
Deferred tax asset	120,345	117,200
Prepayments and accrued income	116,783	101,893
Directors loan account	486,080	—
Other debtors	183,017	57,794
	<u>2,331,031</u>	<u>1,585,339</u>

### 19. Creditors: amounts falling due within one year

	2016	2015
	£	£
Bank loans and overdrafts	125,040	125,040
Payments received on account	50,019	144,920
Trade creditors	2,166,211	1,380,292
Accruals and deferred income	61,539	75,867
Corporation tax	255,441	83,880
Social security and other taxes	167,180	115,578
Director loan accounts	—	28,029
Other creditors	6,215	6,070
	<u>2,831,645</u>	<u>1,959,676</u>

The overdraft and bank loans are secured by a fixed charge over the freehold property of the company based on Clapham.

The bank loans of £125,040 (2015 - £125,040) are repayable by monthly instalments and incur interest at 1.628% per annum.

### 20. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Bank loans and overdrafts	<u>479,321</u>	<u>604,362</u>

The long term bank loans incur interest at 1.628% per annum and are being repaid by monthly instalments of £10,420 (2015 - £10,420). The amount payable after more than 5 years is nil (2015 - £93,780). The loans are secured by a fixed charge over the freehold property of the company based on Clapham.

### 21. Provisions

	Deferred tax (note 22) £
At 1st July 2015	13,162
Additions	669,233
Charge against provision	<u>(5,807)</u>
At 30th June 2016	<u>676,588</u>

# A E Chapman & Son Limited

## Notes to the Abbreviated Financial Statements *(continued)*

Year Ended 30th June 2016

### 22. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£	£
Included in debtors (note 18)	120,345	117,200
Included in provisions (note 21)	(676,588)	(13,162)
	<u>(556,243)</u>	<u>104,038</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Accelerated capital allowances	(375)	5,431
Revaluation of tangible assets	669,233	–
Fair value adjustment of investment property	(120,345)	(117,200)
Other revaluations	7,730	7,731
	<u>556,243</u>	<u>(104,038)</u>

### 23. Employee Benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £119,533 (2015: £123,795).

### 24. Financial Instruments

The carrying amount for each category of financial instrument is as follows:

	2016	2015
	£	£
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>3,409,485</u>	<u>2,542,902</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>3,310,966</u>	<u>2,564,038</u>

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### 25. Called Up Share Capital

#### Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Ordinary shares of £1 each				

## A E Chapman & Son Limited

### Notes to the Abbreviated Financial Statements *(continued)*

#### Year Ended 30th June 2016

#### 26. Reserves

Revaluation reserve - This reserve records the value of fixed asset revaluations and fair value movements on assets recognised in other comprehensive income, net of deferred tax provisions as required.

Capital reserve - This reserve recorded the gain via the sale of shares more than 20 years ago. This was previously a non-distributable reserve but has now been transferred to Profit and loss reserve and is distributable.

Profit and loss account - This reserve records retained earnings and accumulated losses. Included in this reserve is a non-distributable reserve of £15,013 relating to the fair value adjustment of the company's investment property, net of deferred tax movement.

#### 27. Directors' Advances, Credits and Guarantees

In the period under review, the company advanced the following amounts to Mr Andre Chapman:

October 2015	£67,000
November 2015	£613,000

Repayments in the year totalled £193,920 and the period end balance was £486,080. This loan is repayable on demand and interest was payable based on HM Revenue & Customs official rates of interest on beneficial loans. Interest charged in this period amounted to £12,824.

#### 28. Ultimate Controlling Party

The company is under the control of its directors.

#### 29. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1st July 2014.



# A E Chapman & Son Limited

## Notes to the Abbreviated Financial Statements (continued)

### Year Ended 30th June 2016

#### 29. Transition to FRS 102 (continued)

##### Reconciliation of equity

	1st July 2014			30th June 2015		
	As previously stated £	Effect of FRS 102 (as transition £	restated) £	As previously stated £	Effect of FRS 102 (as transition £	restated) £
Fixed assets	3,844,227	(105,332)	3,738,895	3,731,454	(105,332)	3,626,122
Current assets	4,178,411	(775,943)	3,402,468	3,431,752	(888,850)	2,542,902
Creditors: amounts falling due within one year	(3,733,438)	984,850	(2,748,588)	(3,069,686)	1,110,010	(1,959,676)
Net current assets	444,973	208,907	653,880	362,066	221,160	583,226
Total assets less current liabilities	4,289,200	103,575	4,392,775	4,093,520	115,828	4,209,348
Creditors: amounts falling due after more than one year	(729,402)	–	(729,402)	(604,362)	–	(604,362)
Provisions	(3,590)	–	(3,590)	(13,162)	–	(13,162)
Net assets	3,556,208	103,575	3,659,783	3,475,996	115,828	3,591,824
Capital and reserves	3,556,208	103,575	3,659,783	3,475,996	115,828	3,591,824

##### Reconciliation of profit or loss for the year

	Year ended 30th June 2015		
	As previously stated £	Effect of FRS 102 (as transition £	restated) £
Turnover	12,333,134	–	12,333,134
Cost of sales and other operating income	(10,485,840)	16,740	(10,469,100)
Gross profit	1,847,294	16,740	1,864,034
Administrative expenses	(1,308,238)	–	(1,308,238)
Operating profit	539,056	16,740	555,796
Other interest receivable and similar income	4,972	–	4,972
Amounts written off investments	(213,419)	–	(213,419)
Interest payable and similar charges	(17,289)	–	(17,289)
Tax on (loss)/profit on ordinary activities	(93,532)	(4,487)	(98,019)
(Loss)/profit for the financial year	219,788	12,253	232,041

**A E Chapman & Son Limited****Notes to the Abbreviated Financial Statements *(continued)*****Year Ended 30th June 2016****29. Transition to FRS 102 *(continued)***

The investment property was previously accounted for under SSAP 19 but now under FRS 102. As a result of this, changes in the properties fair value are now being reported in profit and loss and not under a revaluation reserve. On transition a fair value loss of £105,332 was reported. FRS 102 also requires deferred tax to be provide for on such assets. As a consequence, a deferred tax asset was realised on 1 July 2014 of £121,687. In the period to to 30 June 2015 there was a reduction in provision of £4,487 due to changes in corporation tax rates.

Prior to applying FRS 102 the company would recognise debtor and creditor balances in relation to pallets related to sales and purchases. Under FRS 102 these items are now accounted for directly in Profit and loss. On transition a profit of £87,220 was recognised and on 30 June 2015 a further £16,740 was also recognised.