Company Registration No. 00597855 (England and Wales)

ALEXANDER CLEGHORN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

ALEXANDER CLEGHORN LIMITED

CONTENTS

ALEXANDER CLEGHORN LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Fair review of the business
The results for the year are set out on page 6 and shows turnover for the year of £12,935,195 (2016: £12,345,002) and operating loss for the year of £ (42,507) (2016: profit £51,935). The company's directors are satisfied with the results and financial position at the year end.

Principal risks and uncertainties
The wood manufacturing sector remains highly competitive. Other than this, the principal risks to the company are customer demand and fluctuations in the cost of material purchases.

Development and performance
The directors believe that there is scope for the further development of the existing activities of the company and the cash balances held by the company are to be used for this purpose and to help fund future trading requirements.

Key performance indicators
The company uses a range of performance measures to monitor and manage the business effectively. The most significant of these are key performance indicators.

The main performance indicators for the year ended 31 December 2017 are as below:

- **Turnover (£) 12,935,195** (2016: £12,345,002)
- **Gross profit (£) 3,013,692** (2016: 3,183,975)
- **Gross margin (%) 23.30%** (2016: 25.8%)
- **Loss before tax £(63,835)** (2016: profit £24,205)
- **Stock turnover (days) 80** (2016: 51)
- **Debtors (days) 84** (2016: 78)
- **Creditors (days) 108** (2016: 62)

Other performance indicators
Other key performance indicators include like for like sales, stock cover and sales density.

Other information and explanations
There have been no events since the balance sheet date which materially affect the position of the company.

On behalf of the board 28/09/2018

....
GSG Cleghorn
Director

ALEXANDER CLEGHORN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities
The principal activity of the company continued to be that of woodworkers and manufacturers of component parts for the 'Do it Yourself' and furniture industries.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

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

GSG Cleghorn
GG Cleghorn
P Pittuck

Results and dividends
The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments
The aim of the directors is to maintain, expand and develop the company whenever the opportunity arises.

Auditor
Goldwins Limited were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board 28/09/2018

....
GSG Cleghorn
Director

....

ALEXANDER CLEGHORN LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALEXANDER CLEGHORN LIMITED

Opinion

We have audited the financial statements of ALEXANDER CLEGHORN LIMITED (the 'company') for the year ended 31 December 2017 set out on pages 6 to 25. 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 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 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.

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

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement 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, 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 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 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.

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.

Anthony I Benosiglio (Senior Statutory Auditor)
for and on behalf of Goldwins Limited

28/09/2018

Chartered Accountants
Statutory Auditor

75 Maygrove Road
West Hampstead
London
NW6 2EG

ALEXANDER CLEGHORN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	12,935,195	12,345,002
Cost of sales		(9,921,503)	(9,161,027)
Gross profit		3,013,692	3,183,975
Distribution costs		(1,020,003)	(886,972)
Administrative expenses		(2,036,196)	(2,245,068)
Operating (loss)/profit	4	(42,507)	51,935
Interest receivable and similar income	7	1,532	1,736
Interest payable and similar expenses	8	(22,860)	(29,466)
(Loss)/profit before taxation		(63,835)	24,205
Taxation	9	16,081	(11,436)
(Loss)/profit for the financial year	21	(47,754)	12,769

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ALEXANDER CLEGHORN LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
(Loss)/profit for the year	(47,754)	12,769
Other comprehensive income	-	-
Total comprehensive income for the year	(47,754)	12,769

ALEXANDER CLEGHORN LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	10		2,746,223		3,097,947
Current assets					
Stocks	12	1,678,582		1,051,800	
Debtors	13	3,123,612		2,688,731	
Cash at bank and in hand		1,300,794		1,456,484	
		6,102,988		5,197,015	
Creditors: amounts falling due within one year	14	(3,392,679)		(2,534,466)	
Net current assets			2,710,309		2,662,549
Total assets less current liabilities			5,456,532		5,760,496
Creditors: amounts falling due after more than one year	15		(384,726)		(600,593)
Provisions for liabilities	17		(245,123)		(285,466)
Net assets			4,826,683		4,874,437
Capital and reserves					
Called up share capital	20		40,000		40,000
Profit and loss reserves	21		4,786,683		4,834,437
Total equity			4,826,683		4,874,437

The financial statements were approved by the board of directors and authorised for issue on 28/9/18 and are signed on its behalf by:

GSG Cleghorn
Director

Company Registration No. 00597855

ALEXANDER CLEGHORN LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2016		40,000	4,821,668	4,861,668
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	12,769	12,769
Balance at 31 December 2016		40,000	4,834,437	4,874,437
Year ended 31 December 2017:				
Loss and total comprehensive income for the year		-	(47,754)	(47,754)
Balance at 31 December 2017		40,000	4,786,683	4,826,683

ALEXANDER CLEGHORN LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**24**		248,928		933,374
Interest paid			(22,860)		(29,466)
Income taxes paid			(28,807)		(2,299)
Net cash inflow from operating activities			197,261		901,609
Investing activities					
Purchase of tangible fixed assets		(144,404)		(286,383)	
Proceeds on disposal of tangible fixed assets		-		16,800	
Interest received		1,532		1,736	
Net cash used in investing activities			(142,872)		(267,847)
Financing activities					
Payment of finance leases obligations		(210,078)		(104,971)	
Net cash used in financing activities			(210,078)		(104,971)
Net (decrease)/increase in cash and cash equivalents			(155,689)		528,791
Cash and cash equivalents at beginning of year			1,456,484		927,692
Cash and cash equivalents at end of year			1,300,794		1,456,484

1 Accounting policies

Company information

ALEXANDER CLEGHORN LIMITED is a private company limited by shares incorporated in England and Wales. The registered office is C/O Goldwins Limited, 75 Maygrove Road, West Hampstead, London, NW6 2EG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company 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.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

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.

1.4 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:

Land and buildings Freehold	2% Straight line basis
Long leasehold property	2% Straight line basis
Cabins	4% Straight line basis
Plant and machinery	8.5% Straight line basis
Fixtures, fittings & equipment	20% Straight line basis
Motor vehicles	20% Straight line basis

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 Accounting policies **(Continued)**

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

1.6 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.

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

Financial assets and liabilities are offset, with 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.

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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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 company 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 company after deducting all of its liabilities.

1 Accounting policies (Continued)

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company 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 company.

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

1 Accounting policies **(Continued)**

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 when the company has 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.

1.11 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.

1.12 Retirement benefits

Contribution in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contribution actually paid in the year are as either accruals or prepayments at the year end.

1.13 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.

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.

1.14 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

3 Turnover and other revenue

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

	2017	2016
	£	£
Turnover		
Sales	12,935,195	12,345,002
Other significant revenue		
Interest income	1,532	1,736

4 Operating (loss)/profit

	2017	2016
Operating (loss)/profit for the year is stated after charging/(crediting):	£	£
Exchange gains	(10,596)	(54,101)
Fees payable to the company's auditor for the audit of the company's financial statements	9,600	9,600
Depreciation of owned tangible fixed assets	379,407	378,320
Depreciation of tangible fixed assets held under finance leases	116,722	116,722
(Profit)/loss on disposal of tangible fixed assets	-	68,214
Cost of stocks recognised as an expense	6,629,402	6,034,791
Operating lease charges	18,034	18,172

5 Employees

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

	2017 Number	2016 Number
Works	67	69
Sales and administration	22	24
Distribution	6	6
	95	99

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,827,982	2,814,915
Social security costs	256,325	265,743
Pension costs	79,822	69,834
	3,164,129	3,150,492

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	357,079	435,408
Company pension contributions to defined contribution schemes	36,896	27,204
	393,975	462,612

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

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	141,641	166,222
Company pension contributions to defined contribution schemes	14,700	10,200

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	1,532	1,736

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,532	1,736

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	10
Interest on finance leases and hire purchase contracts	22,860	29,456
	22,860	29,466

9 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	24,262	28,807
Adjustments in respect of prior periods	-	(868)
Total current tax	24,262	27,939
Deferred tax		
Origination and reversal of timing differences	(40,343)	(16,503)
Total tax (credit)/charge	(16,081)	11,436

9 Taxation **(Continued)**

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

	2017 £	2016 £
(Loss)/profit before taxation	(63,835)	24,205
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(12,286)	4,841
Tax effect of expenses that are not deductible in determining taxable profit	3,687	4,208
Adjustments in respect of prior years	-	(868)
Depreciation on assets not qualifying for tax allowances	95,488	99,008
Deferred tax	(40,343)	(16,503)
Capital allowances	(62,627)	(92,893)
Loss on sales of fixed assets	-	13,643
Taxation (credit)/charge for the year	(16,081)	11,436

ALEXANDER CLEGHORN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Tangible fixed assets

	Land and buildings Freehold	Long leasehold property	Cabins	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2017	432,090	360,283	18,677	7,294,440	60,348	148,456	8,314,294
Additions	-	35,817	-	61,544	47,043	-	144,404
At 31 December 2017	432,090	396,100	18,677	7,355,984	107,391	148,456	8,458,698
Depreciation and impairment							
At 1 January 2017	107,786	220,562	16,501	4,811,081	30,725	29,691	5,216,346
Depreciation charged in the year	8,642	7,922	427	429,797	19,650	29,691	496,129
At 31 December 2017	116,428	228,484	16,928	5,240,878	50,375	59,382	5,712,475
Carrying amount							
At 31 December 2017	315,662	167,616	1,749	2,115,106	57,016	89,074	2,746,223
At 31 December 2016	324,304	139,721	2,176	2,483,359	29,622	118,765	3,097,947

10 Tangible fixed assets (Continued)

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

	2017	2016
	£	£
Plant and machinery	762,798	849,829
Motor vehicles	89,074	118,765
	851,872	968,594
Depreciation charge for the year in respect of leased assets	116,722	116,722

11 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,735,243	2,568,828
Carrying amount of financial liabilities		
Measured at amortised cost	3,591,636	2,814,720

12 Stocks

	2017	2016
	£	£
Raw materials and consumables	1,493,668	1,043,729
Work in progress	184,914	8,071
	1,678,582	1,051,800

13 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	82,365	47,638
Other debtors	2,652,878	2,521,190
Prepayments and accrued income	388,369	119,903
	3,123,612	2,688,731

13 Debtors **(Continued)**

The company sells most of its sales invoices to a factoring company, HSBC Invoice Finance (UK) Limited. All the risks and rewards of ownership of the debts are transferred to the HSBC Invoice Finance (UK) Limited. As long as the terms and conditions of the agreement with the bank are not breached there is no recourse to the company. The invoice ledger balance at the year end owed by HSBC Invoice Finance (UK) Limited is included in other debtors.

14 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Obligations under finance leases	16	215,866	210,077
Trade creditors		2,520,576	1,724,352
Corporation tax		24,262	28,807
Other taxation and social security		161,507	291,532
Other creditors		147,594	-
Accruals and deferred income		322,874	279,698
		3,392,679	2,534,466

15 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Obligations under finance leases	16	384,726	600,593

16 Finance lease obligations

Future minimum lease payments due under finance leases:	2017 £	2016 £
Within one year	215,866	210,077
In two to five years	384,726	600,593
	600,592	810,670

Hire purchase and finance lease payments represent rentals payable over a fixed period by the company for items of plant and machinery. Ownership is transferred at the end of the period.

17 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	18	245,123	285,466
		245,123	285,466

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017	Liabilities 2016
Balances:	**£**	**£**
Accelerated capital allowances	245,123	285,466

There were no deferred tax movements in the year.

19 Retirement benefit schemes

	2017	2016
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	79,822	69,834

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2017	2016
	£	**£**
Ordinary share capital		
Issued and fully paid		
40,000 Ordinary shares of £1 each	40,000	40,000

21 Profit and loss reserves

Called-up share capital – represents the nominal value of shares that have been issued.
Profit and loss account – includes all current and prior period retained profits and losses.

22 Operating lease commitments

Lessee

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

	2017	2016
	£	£
Within one year	6,000	6,000
Between two and five years	20,462	33,367
	26,462	39,367

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	393,975	462,336

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchase of goods	
	2017	2016
	£	£
Alexander Cleghorn (Purchases) Ltd	3,312,113	2,929,786

	Rent paid to The Alexander Cleghorn Discretionery Settlement	
	2017	2016
	£	£
Other related parties	6,000	6,000

The company purchased goods from Alexander Cleghorn (Purchases) Limited on normal commercial terms. The directors of Alexander Cleghorn (Purchases) Limited are Glen Cleghorn, Gary Cleghorn and Paul Pittuck.

23 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	**2017** **£**	**2016** **£**
Alexander Cleghorn (Purchases) Ltd	1,084,676	703,657
Other related parties	19,293	14,093

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	**2017** **Balance** **£**
Key management personnel	17,000

There were no amounts owed in the previous period.

24 Cash generated from operations

	2017 **£**	**2016** **£**
(Loss)/profit for the year after tax	(47,754)	12,769
Adjustments for:		
Taxation (credited)/charged	(16,081)	11,436
Finance costs	22,860	29,466
Investment income	(1,532)	(1,736)
(Gain)/loss on disposal of tangible fixed assets	-	68,214
Depreciation and impairment of tangible fixed assets	496,129	495,042
Movements in working capital:		
(Increase) in stocks	(626,782)	(36,555)
(Increase) in debtors	(434,881)	(94,516)
Increase in creditors	856,969	449,254
Cash generated from operations	248,928	933,374