

W & G Foyle Limited

REPORT AND FINANCIAL STATEMENTS

for the year ended
30 June 2016



Company Registration Number: 00945131

W & G Foyle Limited

DIRECTORS AND ADVISERS

DIRECTORS

WRC Foyle
C M Foyle
WEF Samuel
PA Currie
J Browne
RK Burnett
S Hamilton
BA Aspinall

SECRETARY

J Browne

REGISTERED OFFICE

107 Charing Cross Road
London WC2H 0DT

AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

W & G Foyle Limited

STRATEGIC REPORT

The directors submit their strategic report and the financial statements of W & G Foyle Limited ("Foyles") for the year ended 30 June 2016.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Turnover for the year was £25.0 million (2015: £24.4 million), an increase of 2.75% over the previous year. The company achieved a pre-tax profit of £131,447 (2015: £11,108). The Company remains cash positive with EBITDA (earnings before interest, tax, depreciation and amortisation) of £631,540 (2015: £397,055).

Trading for the year to 30 June 2016 needs to be set against the background of a number of positive changes within the business, which together have delivered an improvement in the Company's profitability. A significant number of commercial initiatives were launched including on-line store ordering, changes to the previously loss-making e-commerce department and development of a Company-wide Children's Summer Festival. All were underpinned by the development of a new sales education programme with customer-service as the focus. This was reinforced by the appointment of a Head of Customer Experience to drive this initiative. Retailing in London was impacted by two full underground strikes in July and the heightened security following the Paris bombing in September. Foyles enjoyed a successful Christmas trading period, delivering +4.7% sales increase on a like for like basis. Foyles has a strong customer focus culture, an enhanced digital reach and a focussed programme of events.

Information Technology is critical to our business and investment in this area is ongoing, with improvements being made to our management information systems and to the robustness and security of our server infrastructure.

With strong cash flow and healthy reserves, plus a positive trading outlook within both the Company and our industry, Foyles is well placed to expand further and will continue to explore opportunities to open new branches.

Once again the Board recognises the importance of the team of dedicated professionals that work for the company and would like to record its appreciation of the outstanding service and commitment of the staff. The Board and executive management will continue the development of staff and managers through coaching and a structured programme of in-house and external training.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategies are subject to a number of risks including:

- Competition in the retail industry
- Poor economic conditions or slowdown following the Brexit vote
- Cost price and inflationary impact following the exchange rate reduction in Sterling
- Business rate increase following the re rating assessment
- Seasonal fluctuations in sales and cash flow
- Failure or interruption of information technology systems
- Legislative change

W & G Foyle Limited

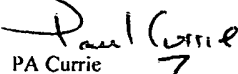
STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

Management review a range of KPIs on a monthly basis to monitor and control the performance of the various departments, shops and activities of the company. These KPIs include:

- Footfall and website visitors
- Average transaction value
- Average transactions by customer
- Sales by area and by headcount
- Headcount and wages by shop and department
- Number of titles and stock turn
- Overheads compared to budget
- Profit margins

By Order of the Board


PA Currie
Director

15th March 2017

W & G Foyle Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of W & G Foyle Limited for the year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was bookselling and related activities.

DIRECTORS

The following directors have held office since 1 July 2015:

WRC Foyle
C M Foyle (appointed 24 November 2016)
WEF Samuel
PA Currie
S Husain (resigned 31 October 2015)
J Browne
RK Burnett
BA Aspinall
S Hamilton

RESULT AND DIVIDENDS

The company made a profit after taxation of £131,447 (2015: £11,108). The directors do not recommend the payment of a dividend.

FUTURE DEVELOPMENTS

See Strategic Report.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The accounting policy on going concern included on page 11 sets out the factors considered by the directors in assessing the appropriateness of the going concern basis of preparation.

INDEMNIFICATION OF DIRECTORS

Qualifying third party indemnity is in place for directors who held office in the year.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

RSM UK Audit LLP has expressed its willingness to continue in office.

By order of the board

PA Currie
Director

15th March 2017

W & G Foyle Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 of the profit or loss of the company for that period.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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 W & G FOYLE LIMITED

Opinion on financial statements

We have audited the financial statements on pages 7 to 23. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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, 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, 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.

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.



PAUL NEWMAN (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 15 March 2017

W & G Foyle Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2016

	<i>Notes</i>	2016 £	2015 £
TURNOVER	1	25,027,866	24,358,133
Cost of sales		(16,946,656)	(17,408,960)
GROSS PROFIT		8,081,210	6,949,173
Operating expenses	2	(8,266,834)	(7,091,874)
Other operating income	3	329,098	171,841
OPERATING PROFIT		143,474	29,140
Interest payable	4	(12,027)	(18,032)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	131,447	11,108
Taxation	7	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		131,447	11,108

There were no other comprehensive income items.

All operating gains and losses relate to continuing activities.

W & G Foyle Limited

STATEMENT OF FINANCIAL POSITION
30 June 2016

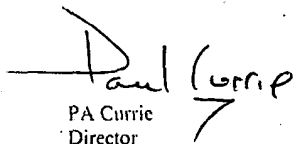
Company Registration Number: 00945131

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible fixed assets	8	92,721	100,610
Tangible fixed assets	9	2,402,674	1,567,567
		<u>2,495,395</u>	<u>1,668,177</u>
CURRENT ASSETS			
Stocks	10	3,341,746	3,023,286
Debtors - due within one year	11	2,409,640	3,281,820
- due after more than one year	11	638,875	638,875
Cash at bank and in hand		32,937	28,656
		<u>6,423,198</u>	<u>6,972,637</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	(4,450,876)	(4,241,502)
NET CURRENT ASSETS		<u>1,972,322</u>	<u>2,731,135</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,467,717</u>	<u>4,399,312</u>
CREDITORS: Amounts falling due after more than one year	13	(93,208)	(156,250)
NET ASSETS		<u>4,374,509</u>	<u>4,243,062</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,200	1,200
Share premium account	16	1,990,695	1,990,695
Profit and loss account	16	2,382,614	2,251,167
SHAREHOLDERS' FUNDS		<u>4,374,509</u>	<u>4,243,062</u>

The financial statements on pages 7 to 23 were approved and authorised for issue by the board of directors on 15th March 2017 and are signed on its behalf by:



WRC Foyle
Director



PA Currie
Director

W & G Foyle Limited
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2016

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
Balance at 1 July 2014	1,200	1,990,695	2,240,059	4,231,954
Profit for the year	-	-	11,108	11,108
Total comprehensive income for the year	-	-	11,108	11,108
Balance at 30 June 2015	1,200	1,990,695	2,251,167	4,243,062
Profit for the year	-	-	131,447	131,447
Total comprehensive income for the year	-	-	131,447	131,447
Balance at 30 June 2016	1,200	1,990,695	2,382,614	4,374,509

W & G Foyle Limited
STATEMENT OF CASH FLOWS
for the year ended 30 June 2016

	<i>Notes</i>	2016 £	2015 £
OPERATING ACTIVITIES			
Cash generated from operations	17	1,530,415	348,190
Interest paid		(12,027)	(18,032)
NET CASH FROM OPERATING ACTIVITIES		<u>1,518,388</u>	<u>330,158</u>
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(1,255,727)	(534,927)
Purchase of intangible fixed assets		(59,557)	(24,125)
NET CASH USED IN INVESTING ACTIVITIES		<u>(1,315,284)</u>	<u>(559,052)</u>
FINANCING ACTIVITIES			
Proceeds of new borrowings		-	300,000
Repayments of borrowings		(72,660)	(59,132)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		<u>(72,660)</u>	<u>240,868</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		130,444	11,974
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>(743,994)</u>	<u>(755,968)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>(613,550)</u></u>	<u><u>(743,994)</u></u>
Relating to:-			
Bank balances included in cash at bank and in hand		32,937	28,656
Bank overdraft included in short term creditors		(646,487)	(772,650)
TOTAL		<u><u>(613,550)</u></u>	<u><u>(743,994)</u></u>

W & G Foyle Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

W & G Foyle Limited ("The Company") is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is 107 Charing Cross Road, London, WC2H 0DT.

The company's principal activities are disclosed in the Directors' Report on page 4.

BASIS OF ACCOUNTING

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

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 £.

GOING CONCERN

The directors are confident that the company's trading forecasts and cash flow projections show that it has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of the financial statements.

FIRST TIME ADOPTION OF FRS102

These financial statements are the first financial statements of W & G Foyle Limited prepared in accordance with Financial Reporting Standard 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 of W & G Foyle Limited for the period ended 30 June 2015 were prepared in accordance with previous UK GAAP. No restatement of items has been required in meeting the transition to FRS102 on the transition date, 1 July 2014.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from those reported under previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

TURNOVER

Turnover represents the value, net of Value Added Tax, of goods sold to customers and is recognised when goods are delivered and title has passed.

W & G Foyle Limited

ACCOUNTING POLICIES (continued)

INTANGIBLE FIXED ASSETS

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Website development	25% per annum on cost
Intellectual property rights	10% per annum on cost

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

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 provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value on a straight line basis over its expected useful life, as follows:

Leasehold improvements	over the unexpired lease term
Fixtures, fittings and equipment	20% per annum on cost

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses in profit or loss. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices. At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements.

W & G Foyle Limited

ACCOUNTING POLICIES (continued)

TAXATION (continued)

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

OPERATING LEASES

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

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 are capitalised as an intangible fixed asset or a tangible fixed asset.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

PENSION CONTRIBUTIONS

The company makes contributions to the personal pension plans of certain senior employees. The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Sections 11 and 12 of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FINANCIAL ASSETS

Trade and other debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

W & G Foyle Limited

ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES AND EQUITY

Financial instruments are classified as liabilities and equity instruments 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.

Trade and other creditors

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of Financial Assets and Liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

SHARE BASED PAYMENTS

The Company uses equity-settled share based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) on the date of grant. The fair value at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period.

PROVISIONS

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax asset

Deferred tax assets are only recognised when the expectation of recovery is probable.

Provision for slow moving stock

This estimate is based on historical experience and various other assumptions that management and the board of directors believe are reasonable under the circumstances.

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. All sales were made in the United Kingdom.

2	OPERATING EXPENSES (NET)	2016 £	2015 £
	Distribution costs	405,247	208,688
	Administration expenses (net)	7,861,587	6,883,186
	Total operating expenses (net)	<u>8,266,834</u>	<u>7,091,874</u>

3	OTHER OPERATING INCOME	2016 £	2015 £
	Concession and commission income	<u>329,098</u>	<u>171,841</u>

4	INTEREST PAYABLE	2016 £	2015 £
	Interest on bank loans and overdrafts	<u>12,027</u>	<u>18,032</u>

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2016 £	2015 £
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Profit on ordinary activities before taxation is stated after charging:

Depreciation and amounts written off tangible fixed assets:

Owned assets	420,620	290,551
Amortisation of intangible fixed assets	67,446	77,364
Operating lease rentals: land and buildings	2,380,728	2,026,833
Compensation for loss of office	-	279,429
Cost of stocks recognised as an expense	<u>14,333,112</u>	<u>14,047,600</u>

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2016 £	2015 £
Audit services – statutory audit of the company	28,000	27,500
Other services	3,000	2,000
Tax services	6,750	6,400
Taxation advisory services	-	3,200
Other services	<u>12,250</u>	<u>5,200</u>
	<u>50,000</u>	<u>44,300</u>

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

6	EMPLOYEES	2016 No.	2015 No.
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Administrative	36	34
	Retail	147	169
		<u>183</u>	<u>203</u>
	Staff costs for above persons:	2016 £	2015 £
	Wages and salaries	3,815,489	3,899,431
	Social security costs	308,169	328,086
	Pension costs	25,865	35,370
	Compensation for loss of office	-	279,429
		<u>4,149,523</u>	<u>4,542,316</u>

DIRECTORS' REMUNERATION

The directors, who are considered to be the key management personnel of the Company, received the following remuneration for their services.

	£	£
Emoluments	431,887	432,187
Company contributions to money purchase pension schemes	655	8,043
Compensation for loss of office	-	279,429
	<u>432,542</u>	<u>719,659</u>
	No.	No.
The number of directors to whom retirement benefits are accruing under money purchase schemes was:	1	1
	£	£
Highest paid director:		
Emoluments	200,000	116,065
Company contributions to money purchase pension schemes	655	7,468
Compensation for loss of office	-	279,429
	<u>200,655</u>	<u>402,962</u>

There were no share options exercised during the year (2015: none).

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016

7	TAXATION	2016 £	2015 £
	Current tax:		
	UK corporation tax	-	-
	Total current tax	-	-
	Deferred taxation:		
	Effect of decreased rate on opening asset	-	-
	Origination and reversal of timing differences	-	-
	Total deferred tax	-	-
	Tax on profit on ordinary activities	-	-
		2016 £	2015 £
	The current tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK. The differences are explained below:		
	Profit on ordinary activities before tax	131,447	11,108
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.75%)	26,289	2,305
	Effects of:		
	Expenses not deductible for tax purposes	2,400	2,642
	Adjust closing deferred tax to average rate of 20%	61,308	82,310
	Fixed Asset differences	45,836	(129,219)
	Deferred tax not recognised	(135,833)	41,962
	Current tax charge for period	-	-

The company has trading losses of approximately £3.2 million (2015: £3.1 million) which, subject to agreement with HM Revenue & Customs, are available to carry forward and offset against future profits of the same trade.

A deferred tax asset of £508,098 (2015: £421,046) has been recognised in respect of trading losses which are expected to reverse within the foreseeable future based on forecasts of future profitability. No deferred tax asset has been recognised in respect of the remaining losses due to uncertainty over the amount and timing of future profits against which the losses can be offset. The unrecognised deferred tax asset in relation to such losses is £65,987 (2015: £198,732).

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016

8	INTANGIBLE FIXED ASSETS	Website development £	Intellectual property £	Total £
	Cost			
	1 July 2015	550,074	7,280	557,354
	Additions	59,557	-	59,557
	30 June 2016	609,631	7,280	616,911
	Amortisation			
	1 July 2015	451,619	5,125	456,744
	Charge for the year	66,719	727	67,446
	30 June 2016	518,338	5,852	524,190
	Net book value			
	30 June 2016	91,293	1,428	92,721
	30 June 2015	98,455	2,155	100,610
9	TANGIBLE FIXED ASSETS			
		Leasehold improvements £	Fixtures, fittings, and equipment £	Total £
	Cost			
	1 July 2015	2,473,898	2,491,692	4,965,590
	Additions	1,099,884	155,843	1,255,727
	Disposals	(525,246)	-	(525,246)
	30 June 2016	3,048,536	2,647,535	5,696,071
	Depreciation			
	1 July 2015	1,270,528	2,127,495	3,398,023
	Charge for the year	309,990	110,630	420,620
	In respect of disposals	(525,246)	-	(525,246)
	30 June 2016	1,055,272	2,238,125	3,293,397
	Net book value			
	30 June 2016	1,993,264	409,410	2,402,674
	30 June 2015	1,203,370	364,197	1,567,567

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016

10	STOCKS	2016 £	2015 £
	Books, gifts and stationery	3,341,746	3,023,286
		<u> </u>	<u> </u>
11	DEBTORS	2016 £	2015 £
	Amounts falling due within one year:		
	Trade debtors	272,230	246,846
	Other debtors	245,859	540,073
	Unpaid share capital	673,850	1,000,000
	Prepayments and accrued income	1,217,701	1,494,901
		<u>2,409,640</u>	<u>3,281,820</u>
	Amounts falling due after more than one year:		
	Deferred tax asset	488,875	488,875
	Other debtors	150,000	150,000
		<u>638,875</u>	<u>638,875</u>
	Total	<u>3,048,515</u>	<u>3,920,695</u>

Other debtors falling due after more than one year represents anticipated recovery of monies due relating to a historic claim.

	2016 £	2015 £
The deferred tax asset is made up as follows:		
Tax losses	508,098	421,046
Short term timing differences	-	851
Decelerated capital allowances	-	66,978
Accelerated capital allowances	(19,223)	-
	<u>488,875</u>	<u>488,875</u>
At 1 July	488,875	488,875
Deferred tax debited to profit and loss account	-	-
At 30 June	<u>488,875</u>	<u>488,875</u>

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

12	CREDITORS: Amounts falling due within one year	2016 £	2015 £
	Bank loans and overdraft	721,487	857,268
	Trade creditors	2,720,111	2,533,383
	Other taxation and social security costs	82,669	81,982
	Other creditors	79,205	-
	Accruals and deferred income	847,404	768,869
		<u>4,450,876</u>	<u>4,241,502</u>

Bank loans and overdraft disclosed above and in note 13 are secured by a fixed and floating charge over the assets of the company.

13	CREDITORS: Amounts falling due after more than one year	2016 £	2015 £
	Bank loans	93,208	156,250
		<u> </u>	<u> </u>
	Included in creditors are:	2016 £	2015 £
	Amount payable:		
	In one year or less or on demand	721,487	857,268
	In more than one year but not more than two years	75,000	75,000
	In more than two years but not more than five years	18,208	81,250
		<u>814,695</u>	<u>1,013,518</u>

14	BORROWINGS	2016 £	2015 £
	Creditors: amounts falling due within one year:		
	Bank overdraft	646,487	772,650
	Bank loans	75,000	84,618
		<u>721,487</u>	<u>857,268</u>
	Creditors: amounts falling due after more than one year:		
	Bank loans	93,208	156,250
	Total	<u>814,695</u>	<u>1,013,518</u>

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016

15	FINANCIAL INSTRUMENTS	2016 £	2015 £
	Carrying amount of financial assets:		
	Debt instruments measured at amortised cost	1,337,890	1,790,733
		<u>1,337,890</u>	<u>1,790,733</u>
	Carrying amount of financial liabilities:		
	Measured at amortised cost	4,461,415	4,315,770
		<u>4,461,415</u>	<u>4,315,770</u>
16	SHARE CAPITAL AND RESERVES	2016 £	2015 £
	Authorised:		
	25,000 ordinary shares of 5p each (2015: 25,000 ordinary shares of 5p each)	1,250	1,250
	22,000 'A' ordinary shares of 5p each (2015: 22,000 'A' ordinary shares of 5p each)	1,100	1,100
		<u>2,350</u>	<u>2,350</u>
	Allotted and issued		
	24,014 ordinary shares of 5p each (2015: 24,014 ordinary shares of 5p each)	1,200	1,200
		<u>1,200</u>	<u>1,200</u>

The ordinary shares and the 'A' ordinary shares rank pari passu as to dividend rights. The 'A' ordinary shares rank behind the ordinary shares on a winding up or other return of capital and do not generally entitle holders to receive notice of and/or to attend vote and speak at general meetings.

The company has granted the following options, which remain exercisable, to subscribe for 'A' ordinary shares of 5p each.

	Grant date	Subscription price per share £	Period within which options are exercisable	Number of shares for which rights are exercisable	
				30.06.16	30.06.15
EMI Scheme	19.07.06	111	19.07.06-18.07.16	1,500	1,500
EMI Scheme	14.07.13	111	14.07.13-13.07.23	5,375	12,875
Unapproved Scheme	19.07.06	111	19.07.06-18.07.16	1,000	1,000
Unapproved Scheme	14.07.13	111	14.07.13-13.07.23	5,875	5,875
EMI Scheme	02.03.16	111	02.03.16-01.03.26	5,000	-

The fair value of options granted in the current year is not material to either the company's financial position or its result and as such, no adjustment has been made in these financial statements.

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2016

16 SHARE CAPITAL AND RESERVES (continued)

RESERVES

Share premium account

The share premium reserves represent the consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserve

The profit and loss account represents the cumulative profit and loss net of distributions to the owners.

17	RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATING ACTIVITIES	2016 £	2015 £
	Profit after tax	131,447	11,108
	Depreciation and impairment of tangible fixed assets	420,620	367,183
	Amortisation of intangible fixed assets	67,446	732
	Interest payable	12,027	18,032
		<u>631,540</u>	<u>397,055</u>
	Operating cash flows before movements in working capital		
	(Increase)/Decrease in stocks	(318,460)	136,787
	Decrease/(Increase) in debtors	872,180	(108,174)
	Increase/(Decrease) in creditors	345,155	(77,478)
	Net cash inflow from operating activities	<u>1,530,415</u>	<u>348,190</u>

18 COMMITMENTS UNDER OPERATING LEASES

At 30 June 2016 the company had total future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Amounts due:		
Land and buildings		
Within one year	2,591,500	2,316,500
Between one and five years	9,866,000	9,006,000
After five years	6,601,625	6,878,125
Total	<u>19,059,125</u>	<u>18,200,625</u>

19 RELATED PARTY DISCLOSURES

The company purchased services of £1,023,212 (2015: £973,946) from companies in which the directors have an interest.

The company received an interest free loan of £500,000 from companies in which the directors have an interest. £347,700 (2015: £347,700) was owed to the company at the balance sheet date.

The company made an interest free loan of £75,000 to a director during the year. £327,737 (2015: £652,300) was owed to the company by directors at the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

20 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the directors, who are considered to be the key management personnel of the Company was £410,064 (2015: £398,517) including employer's national insurance.

21 ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is WRC Foyle.