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Company Registration No. 01091652 (England and Wales)

ALVIS BROTHERS (LYE CROSS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

THURSDAY



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COMPANIES HOUSE

ALVIS BROTHERS (LYE CROSS) LIMITED

COMPANY INFORMATION

Directors	Mr J Alvis (Senior) Mr J Alvis (Junior) Mr P Alvis Mr M Alvis
Secretary	Mrs P Alvis
Company number	01091652
Registered office	Lye Cross Farm Redhill Wrington Bristol BS40 5RH
Auditor	Lentells Limited Ash House Cook Way Bindon Road Taunton Somerset TA2 6BJ
Business address	Lye Cross Farm Redhill Wrington Bristol BS40 5RH
Bankers	HSBC Bank plc 30 High Street Weston-Super-Mare North Somerset BS23 1JE
Solicitors	Bennetts High Street Wrington Bristol BS18 7QB

ALVIS BROTHERS (LYE CROSS) LIMITED

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ALVIS BROTHERS (LYE CROSS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report for the year ended 31 March 2016.

Fair review of the business

The principal activity of the company remain the provision of milk to Alvis Brothers Limited sourced from local dairy herds.

Principal risks and uncertainties

Due to the fact that the milk is essentially purchased and sold to order there is no material trading risk. Any credit risk is mitigated by cross guarantees between Alvis Brothers Limited and Alvis Brothers (Lye Cross) Limited.

On behalf of the board



M P Alvis

Director

21-12-16

ALVIS BROTHERS (LYE CROSS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company continued to be that of purchasing and reselling of milk. It also owns agricultural properties which are let.

Directors

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

Mr J Alvis (Senior)

Mr J Alvis (Junior)

Mr P Alvis

Mr M Alvis

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.

Auditor

The auditor, Lentells Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the 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



Mr P Alvis

Director

27-12-16

ALVIS BROTHERS (LYE CROSS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

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.

ALVIS BROTHERS (LYE CROSS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALVIS BROTHERS (LYE CROSS) LIMITED

We have audited the financial statements of Alvis Brothers (Lye Cross) Limited for the year ended 31 March 2016 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

Opinion 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.

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 any material misstatements in the Strategic Report and the Directors' Report.

ALVIS BROTHERS (LYE CROSS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALVIS BROTHERS (LYE CROSS) LIMITED

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.



Mr Adrian Stallard FCA (Senior Statutory Auditor)
for and on behalf of Lentells Limited

21-12-16
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Chartered Certified Accountants
Statutory Auditors

Ash House
Cook Way
Bindon Road
Taunton
Somerset
TA2 6BJ

ALVIS BROTHERS (LYE CROSS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015
	Notes	£	as restated £
Turnover	3	10,567,178	9,492,692
Cost of sales		(10,560,604)	(9,490,497)
Gross profit		<u>6,574</u>	<u>2,195</u>
Administrative expenses		(51,641)	(45,747)
Other operating income		43,183	43,171
Loss before taxation		<u>(1,884)</u>	<u>(381)</u>
Taxation	5	-	-
Loss for the financial year		<u><u>(1,884)</u></u>	<u><u>(381)</u></u>

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

ALVIS BROTHERS (LYE CROSS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015
	£	as restated £
Loss for the year	(1,884)	(381)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,884)</u>	<u>(381)</u>

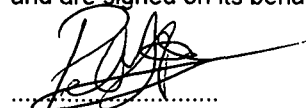
ALVIS BROTHERS (LYE CROSS) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2016

		2016		2015 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		3,809,582		3,809,582
Current assets					
Debtors	8	2,389,833		2,218,256	
Creditors: amounts falling due within one year	9	(864,559)		(691,098)	
Net current assets			1,525,274		1,527,158
Total assets less current liabilities			5,334,856		5,336,740
Provisions for liabilities	12		(337,461)		(337,461)
Net assets			4,997,395		4,999,279
Capital and reserves					
Called up share capital	13		270		270
Revaluation reserve			3,236,594		3,236,594
Capital redemption reserve			30		30
Profit and loss reserves			1,760,501		1,762,385
Total equity			4,997,395		4,999,279

The financial statements were approved by the board of directors and authorised for issue on 21-12-16 and are signed on its behalf by:



Mr P Alvis
Director

Company Registration No. 01091652

ALVIS BROTHERS (LYE CROSS) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2014		270	-	30	1,762,766	1,763,066
Effect of transition to FRS 102		-	3,236,594	-	-	3,236,594
Balance at 1 April 2014		270	3,236,594	30	1,762,766	4,999,660
Period ended 31 March 2015:						
Loss and total comprehensive income for the year		-	-	-	(381)	(381)
Balance at 31 March 2015		270	3,236,594	30	1,762,385	4,999,279
Period ended 31 March 2016:						
Loss and total comprehensive income for the year		-	-	-	(1,884)	(1,884)
Balance at 31 March 2016		270	3,236,594	30	1,760,501	4,997,395

ALVIS BROTHERS (LYE CROSS) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash absorbed by operations	16		(18,777)		(26,340)
Net cash used in investing activities			-		-
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(18,777)		(26,340)
Cash and cash equivalents at beginning of year			(111,140)		(84,800)
Cash and cash equivalents at end of year			(129,917)		(111,140)
Relating to:					
Bank overdrafts included in creditors payable within one year			(129,917)		(111,140)

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

Alvis Brothers (Lye Cross) Limited is a company limited by shares incorporated in England and Wales. The registered office is Lye Cross Farm, Redhill, Wrington, Bristol, BS40 5RH.

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 company's policy not to depreciate buildings is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors a large proportion of the tangible assets actually relate to land with the building's element being insignificant. The true and fair override has been applied.

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

These financial statements for the year ended 31 March 2016 are the first financial statements of Alvis Brothers (Lye Cross) Limited prepared in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 17.

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 is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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:

Freehold land and buildings

The company does not depreciate its freehold land and buildings, as the majority of these assets comprise agricultural land with a useable life exceeding 50 years.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

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.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 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.

1.7 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 statement of financial position 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.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

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.

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts 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

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 through 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.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.8 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.

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.

1.9 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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:

	2016	2015
	£	£
Turnover		
Milk sales	10,567,178	9,492,692

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2016 £	2015 £
UK	10,567,178	9,492,692

4 Operating loss

	2016 £	2015 £
Operating loss for the year is stated after charging/(crediting):		
Cost of stocks recognised as an expense	10,560,604	9,490,497

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

5 Taxation

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

	2016 £	2015 £
Loss before taxation	(1,884)	(381)
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(377)	(76)
Unutilised tax losses carried forward	377	76
	<u> </u>	<u> </u>
Tax expense for the year	-	-
	<u> </u>	<u> </u>

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

6 Tangible fixed assets

	Freehold land and buildings £
Cost or valuation	
At 1 April 2015 and 31 March 2016	3,809,582
Depreciation and impairment	
At 1 April 2015 and 31 March 2016	-
Carrying amount	
At 31 March 2016	3,809,582
At 31 March 2015	3,809,582

Upon transition to FRS 102 freehold land and buildings with a carrying amount of £235,527 were revalued based on market values at the transition date of 1 April 2014. The valuations were provided by professional valuers. The market value is now the deemed cost of these asset and a revaluation policy has not been adopted.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2016 £	2015 £
Cost	235,527	235,527
Accumulated depreciation	-	-
Carrying value	235,527	235,527

7 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,389,833	2,218,256
Carrying amount of financial liabilities		
Measured at amortised cost	864,559	691,098

8 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Other debtors	2,389,833	2,218,256

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

9 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	10	129,917	111,140
Trade creditors		722,347	567,663
Other creditors		12,295	12,295
		<u>864,559</u>	<u>691,098</u>

All creditors are repayable on demand based on normal credit terms.

10 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	<u>129,917</u>	<u>111,140</u>
Payable within one year	<u>129,917</u>	<u>111,140</u>

The bank overdraft is secured by fixed and floating charges over the assets of the company. The overdraft facility is of a group nature with Alvis Brothers Limited.

11 Provisions for liabilities

	2016 £	2015 £
Deferred tax liabilities	<u>337,461</u>	<u>337,461</u>
	<u>337,461</u>	<u>337,461</u>

12 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Deferred tax on:		
Revaluations	<u>337,461</u>	<u>337,461</u>

There were no deferred tax movements in the year.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

12 Deferred taxation

(Continued)

The deferred tax liability set out above is expected to reverse upon the sale of the freehold land and property and arises from the revaluation of these assets.

Deferred tax is not recognised in respect of tax losses of £35,686 (2015: £33,802) as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

13 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
270 Ordinary shares of £1 each	270	270

The ordinary share capital of the company holds full voting rights and entitles the holder to capital and dividend distribution.

14 Financial commitments, guarantees and contingent liabilities

There is a contingent liability in respect of an unlimited composite cross guarantee given to HSBC Bank plc to secure all liabilities of Alvis Brothers Limited to £5,779,844 (2015: £3,315,406).

There were no other contingent liabilities at 31 March 2016.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

15 Related party transactions

Transactions with related parties

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

	Sale of goods		Purchase of goods	
	2016	2015	2016	2015
	£	£	£	£
Alvis Brothers Limited	10,567,178	9,492,692	1,960,394	2,399,698
	<u>10,567,178</u>	<u>9,492,692</u>	<u>1,960,394</u>	<u>2,399,698</u>

In addition, the company received rental income of £42,492 (2015: £42,492) and paid management charges of £24,000 (2015: £25,975) to Alvis Brothers Limited.

The related audit costs of Alvis Brothers (Lye Cross) Limited are dealt with by Alvis Brothers Limited.

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016	2015
	£	£
Key management personnel	12,295	12,295
	<u>12,295</u>	<u>12,295</u>

The balance owed to the directors by the company is provided interest free and is repayable on demand. The balance is shown within 'Other creditors'.

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed by related parties	
	2016		2015	
	Balance	Net	Balance	Net
	£	£	£	£
Alvis Brothers Limited	2,389,833	2,389,833	2,218,256	2,218,256
	<u>2,389,833</u>	<u>2,389,833</u>	<u>2,218,256</u>	<u>2,218,256</u>

The loan to Alvis Brothers Limited is interest free and repayable on demand. The balance is shown within 'Other debtors'.

No guarantees have been given or received.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

16 Cash generated from operations

	2016 £	2015 £
Loss for the year after tax	(1,884)	(381)
Movements in working capital:		
(Increase) in debtors	(171,577)	(73,501)
Increase in creditors	154,684	47,542
Cash absorbed by operations	<u>(18,777)</u>	<u>(26,340)</u>

17 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

Reconciliation of equity

	1 April 2014	31 March 2015
Notes	£	£
Equity as reported under previous UK GAAP	1,763,066	1,762,685
Adjustments arising from transition to FRS 102:		
Freehold land and property revalued to deemed cost	3,574,055	3,574,055
Deferred tax on revaluation	(337,461)	(337,461)
Equity reported under FRS 102	<u>4,999,660</u>	<u>4,999,279</u>

Reconciliation of profit or loss

	2015 £
Profit or loss as reported under previous UK GAAP and under FRS 102	<u>(381)</u>

Notes to reconciliations on adoption of FRS 102

Freehold property revalued to deemed cost

Upon transition to FRS 102 the freehold land and properties held by the company were revalued to market value.