

Registered number: 1121668

TOYE, KENNING & SPENCER LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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TOYE, KENNING & SPENCER LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | B E Toye JP (Chairman) F A Toye (Managing Director) B B Cope N A Haynes B.Sc., F.C.A. |
| Secretary | N A Haynes B.Sc., F.C.A. |
| Company number | 1121668 |
| Registered office | Regalia House, 19-21 Great Queen Street, London WC2B 5BE |
| Auditor | BDO LLP 125 Colmore Row, Birmingham B3 3SD |
| Bankers | Lloyds Bank plc 17 - 23 Coventry Street, Nuneaton, Warwickshire CV11 5TD |
| Solicitors | DLA Piper UK LLP Victoria Square House, Victoria Square, Birmingham B2 4DL |

TOYE, KENNING & SPENCER LIMITED

CONTENTS

| | Page |
|--|---------|
| Strategic report | 3 - 5 |
| Directors' report | 6 |
| Statement of directors' responsibilities | 7 |
| Independent auditor's report | 8 |
| Profit and loss account | 9 |
| Balance sheet | 10 |
| Notes to the financial statements | 11 - 18 |

TOYE, KENNING & SPENCER LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

The Company design and manufacture a wide range of products from State and Civic Insignia, Regalia and medals, military and civic accoutrements and uniform, sports awards and medals, jewellery and fashion accessories, and Friendly Society regalia.

The Company specializes in designing and making or supplying product that is consistently of the highest quality, and we take great pride in our craftsmanship whether working in precious metals or textiles.

The highest quality low volume work is made in-house in the United Kingdom and where appropriate volume quality product is expertly sourced overseas. In this way we provide optimum value to our customers and maximize our own margins.

Our customers range from Governments to Design Houses, and Corporations to individuals.

We sell our product in the United Kingdom and worldwide.

KEY OBJECTIVES

The key objectives for the Board are to:

- Improve the operational performance of the Company
- Improve the value and knowledge of our core Brands
- Increase exports
- Preserve and further develop the craft and technical skills of our employees

The strategic plan to achieve these objectives has been developed over the last year and implementation commenced in December 2013.

The key elements of the plan are:

- The reorganisation of the Company into five divisions; three Sales Divisions and two Operational Divisions. Each division will be a cost centre, and this will allow us to accurately attribute overheads and costs, and identify those areas of the business that are failing to perform. This will also enable management and staff to focus on their areas of expertise and enhance their performance.
- The rebranding of the Company to clarify these organizational changes for our customers and our staff, and to improve and raise perception of the Brand in the UK and overseas.
- To increase sales, and in particular export sales, investment has increased in expert sales staff and travel budgets. Entrepreneurial initiatives by the sales staff are encouraged and we are working on the complexities of introducing an incentive scheme, based on profits achieved, that will benefit all staff who are seen to be exceeding their targets.
- To preserve and develop the craft and technical skills of our employees we are investing in training and improved technical equipment, and are recruiting apprentices to train in our craft skills.

RESULTS

Turnover for the year ended 31 December 2013 amounted to £6,466,927 compared to £8,936,996 for the previous year. As previously reported the prior year included significant contracts that did not recur in 2013. There was an operating profit of £514,426 in 2012. Because of the decreased turnover in 2013 there was an operating loss of £492,812.

During December 2013 the Board and management began the implementation of our long-term strategic plan for improving the operational performance of the Company. Redundancy costs of £172,397 have been included in the 2013 figures which have adversely affected our trading results.

Investment has been made in sales expertise and initiatives which will not generate profit until late 2014 and beyond.

The Company has made a loss of £596,081 before and after tax.

TOYE, KENNING & SPENCER LIMITED

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2013

TRADING CONDITIONS

The economic recession shows signs of ebbing. There was some positive news in the last UK budget and there is cautious confidence in the financial press. However the reality is that average wages and salaries have not increased and investment returns are generally low. The retail market is a good indicator of recovery, and though improved it is hardly booming.

We have global competition in all our markets, and our long heritage, British manufacturing base and Royal Warrant are effective advantages as we compete for a larger share of the business. Success will depend on our ability to exploit our advantages, manage our operating costs and expand our capabilities.

MANAGEMENT AND STAFF

During the year we have with regret made further redundancies throughout all tiers of the business including senior management. We have, however, retained all our essential trade skills, and through training and new recruits we are enhancing our abilities and capabilities in production, purchasing and sales.

We continue to work a 34 hour week, with sales and administration working flexible hours to cover customer services. Surges in requirement for production are effectively handled by overtime work and the use of outworkers and ancillary businesses.

Facilities

Our operational facilities in the Midlands are unique not only in what they do, but in their strong ties to their locations. All our skilled staff live locally to the sites, and there is an irreplaceable network of outworkers and small ancillary businesses that support our production. A London office and Showroom is essential for the sales Divisions. Our Design Studio is based in the Birmingham factory, and some marketing services are out-sourced.

RISKS AND UNCERTAINTIES

As with all companies, we face risks and uncertainties that could impact on the achievement of our strategic objectives. The Board are constantly assessing the potential risks to the business, and planning or implementing effective responses to these.

Economic

The worldwide economic recession has influenced all our markets.

Your company continues to manage the cost of our operations to maintain our competitiveness in the marketplace.

Changing customer requirements

We are constantly reviewing and developing our products and services in response to customer requirements. An ever increasing challenge is the increased use of reverse auctions by Government and other statutory bodies.

Reliance on Foreign Suppliers

In order to maintain competitiveness it is necessary to source some product and components from overseas. Consequently the Company is subject to the risks associated with international trade such as inflation, currency fluctuations, foreign laws and changing government policies.

We try to ensure that we are not dependent on any one supplier or concentration of suppliers in a particular geographical area, and regularly visit our suppliers to maintain a good working relationship, and to ensure the quality of their production and working conditions.

Quality of product and Service

The Company recognizes that a high quality of product and service is essential to maintaining our reputation and increasing our sales. We continually monitor our operations for consistency in performance in execution, quality control and service. Training is provided at all levels to ensure that the Company's high standards are maintained.

TOYE, KENNING & SPENCER LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

Dependence on Key Personnel

Our craftspeople are uniquely skilled, as are our sales and service personnel who have to acquire a great depth of knowledge to be able to effectively respond to customer enquiries.

The Board is aware of the need to ensure continuity of skills and knowledge in the business. The Company is involved in apprenticeship programs for both production and service disciplines.

Key Performance Indicators

The Company considers the sales achieved per head of employee as the Company's key performance indicators.

The result has been:

Sales per employee:

2013 - £49,746 2012 - £68,221 2011 - £58,925 2010 - £58,494

Environmental Outlook

The Company is committed to a policy that recognizes environmental issues in all aspects of its activities, and environmentally sensitive options are integrated in all levels of operation.

We follow a recycling policy at all sites, not just for production but in our administration areas too.

Health and Safety

The Company is committed to the application of all aspects of health and safety at work. However the volume of statutory directives is onerous, and it is sometimes difficult to discern the value of these directives. It is worth noting that our competitors who rely solely on foreign production are not required to meet these standards, and yet are competing for the same contracts.

PROGRESS AND OUTLOOK

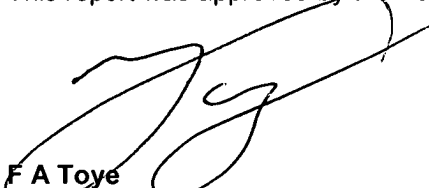
2013 has been a year of planning and transition. The tough trading conditions of the last few years have concentrated the minds of the Board and management on reconfiguring the Company for the future.

The key objectives of the Strategic Plan have already been outlined in this report. The management are implementing the new Divisional structure which will improve accountability, and focus the Divisional team members on driving their sector of the business for optimum performance and profit.

To reflect our streamlined operational structure we are reviewing the presentation and marketing of our Brand to make it clear to customers and potential customers what we can do for them, and make it easy for them to buy from us.

We are enhancing our traditional skills with the latest technological aides for design and engineering that will allow us to achieve a consistency in execution and delivery of beautifully crafted product designed and made in England.

This report was approved by the Board on 15 May 2014 and signed on its behalf by:



F A Toye
Chief Executive

TOYE, KENNING & SPENCER LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the company during the year continued to be that of marketing, selling, supply chain management and distribution, manufacturing as appropriate and procurement of identity products. This includes the manufacturing and sale of regalia (fraternal, civil and military), weaving of ribbons and narrow fabrics, ties and neckwear, screen printed products, flags, leisure wear, trophies, awards, medals, badges, cufflinks, buttons, jewellery, gold and silverware, cutlery, glassware, uniform headress, commemorative issues and limited editions.

Directors

The directors of the company at the date of this report are shown on page 1, all served throughout the year. In addition Mr K Davis and Mr S Randle served throughout the year until their resignations on 19 December 2013.

Financial instruments

The company does not actively use financial instruments as part of its risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk. The company finances working capital through short term borrowing at a variable rate of interest and therefore has a price risk associated with borrowing at variable rates. As the counterparty to its financial instrument is the company's bankers, and its Parent undertaking, there is minimal liquidity risk attached to the borrowings. All bank borrowings were repaid subsequent to the year end.

Provision of information to the auditor

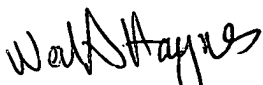
So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to re-appoint BDO LLP as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 15 May 2014 and signed on its behalf by:


N A Haynes B.Sc., F.C.A.
Director

TOYE KENNING & SPENCER LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors are responsible for preparing the strategic report, the 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

TOYE, KENNING & SPENCER LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOYE, KENNING & SPENCER LIMITED

We have audited the financial statements of Toye, Kenning & Spencer Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 auditors

As explained more fully in the statement of directors' responsibilities, 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Companies Act 2006.

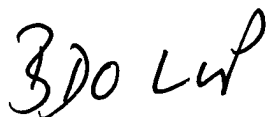
Opinion on other matters prescribed by the Companies Act 2006

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 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.



Stephen Hale (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Birmingham, U.K.
15 May 2014

BDO LLP is a limited liability partnership in England and Wales (with registered number OC305127)

TOYE, KENNING & SPENCER LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|------------------|-------------|
| TURNOVER | 1, 2 | 6,466,927 | 8,936,996 |
| Change in stocks of finished goods and work in progress | | (878) | (199,824) |
| Raw materials and consumables | | (2,596,686) | (3,697,883) |
| Other external charges | | (1,742,221) | (1,260,174) |
| Staff costs | 4 | (2,288,653) | (2,688,341) |
| Depreciation and amortisation | | (48,001) | (56,903) |
| Other operating charges | | (283,300) | (519,445) |
| OPERATING (LOSS) / PROFIT | 3 | (492,812) | 514,426 |
| Amounts written off investments | | (60,092) | - |
| Interest payable | 6 | (72,000) | (72,000) |
| Dividend received | | 28,823 | - |
| (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (596,081) | 442,426 |
| TAXATION ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES | 7 | - | - |
| (LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 16 | (596,081) | 442,426 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 and 2012 other than those included in the profit and loss account.

The notes on pages 11 to 18 form part of these financial statements.

TOYE, KENNING & SPENCER LIMITED**BALANCE SHEET at 31 December 2013**

| | Notes | 2013 £ | 2012 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 9 | 66,424 | 100,300 |
| Fixed asset investments | 10 | 66,486 | 126,578 |
| | | 132,910 | 226,878 |
| CURRENT ASSETS | | | |
| Stocks | 11 | 1,154,248 | 1,154,462 |
| Debtors | 12 | 737,167 | 1,729,462 |
| Cash at bank | | 431,724 | 4,390 |
| | | 2,323,139 | 2,888,314 |
| CREDITORS: amounts falling due within one year | 13 | 1,545,583 | 1,607,951 |
| NET CURRENT ASSETS | | 777,556 | 1,280,363 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 910,466 | 1,507,241 |
| CREDITORS: amounts falling due after more than one year | 14 | - | 694 |
| NET ASSETS | | 910,466 | 1,506,547 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 2,500,000 | 2,500,000 |
| Profit and loss account | 16 | (1,589,534) | (993,453) |
| SHAREHOLDERS' FUNDS | 17 | 910,466 | 1,506,547 |

The financial statements were approved and authorised by the board and were signed on its behalf on 15 May 2014.


F A Toye
Managing Director


N A Haynes
Director

The notes on pages 11 to 18 form part of these financial statements.

TOYE, KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover comprises the invoiced value of the sale of goods and services to external customers, net of value added tax and trade discounts. Turnover is recognised when goods are despatched to customers.

Investments

Investments are included at cost less provision for permanent diminution in value.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less estimated residual value, over their expected useful lives on a straight line basis as follows:

- Plant, machinery and equipment is depreciated over 4 to 10 years according to the estimated life of the asset
- Motor vehicles are depreciated over 4 years

Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost is determined on a first in first out basis and includes all direct costs and an appropriate proportion of fixed and variable overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

TOYE, KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Pensions

The group operates a defined contribution pension scheme. Contribution to the defined contribution pension scheme is charged to the profit and loss account in the period to which it relates.

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Exchange differences arising in respect of revenue transactions in the accounting period are included in the profit and loss account.

2. TURNOVER

The whole of the turnover is attributable to one main business segment, which is that of marketing, selling, supply chain management and distribution, manufacturing as appropriate and procurement of identity products.

Toye, Kenning & Spencer, in the person of the Chairman, holds a Royal Warrant to her Majesty the Queen as suppliers of gold and silver laces, insignia and embroidery.

Since 1978 the company has held the appointment as Plate Jewellers to the Corporation of the City of London.

A geographical analysis of turnover is as follows:

| | 2013 £ | 2012 £ |
|------------------------|------------------|------------------|
| United Kingdom | 4,858,985 | 7,256,232 |
| Rest of European Union | 408,500 | 397,269 |
| Rest of World | 1,199,442 | 1,283,495 |
| | 6,466,927 | 8,936,996 |

TOYE, KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

3. OPERATING (LOSS) / PROFIT

The operating (loss)/profit is stated after charging:

| | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Depreciation - owned assets | 44,452 | 53,352 |
| - leased assets | 3,549 | 3,551 |
| Auditor's remuneration | 25,000 | 23,950 |
| Auditor's remuneration - other services relating to taxation | 3,750 | 3,514 |
| Operating lease rentals - office equipment | 31,136 | 35,599 |

4. STAFF COSTS

Staff costs were as follows:

| | 2013 £ | 2012 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,100,226 | 2,462,051 |
| Social security costs | 153,954 | 192,224 |
| Other pension costs | 34,473 | 34,066 |
| | 2,288,653 | 2,688,341 |

In addition to the above an amount of £172,397 (2012: £109,247) was charged in respect of redundancy costs.

The average monthly number of employees during the year including Directors but excluding agents and outworkers was as follows:

| | 2013 | 2012 |
|--------------------------------------|------------|------------|
| Management, sales and administration | 55 | 54 |
| Production | 75 | 77 |
| | 130 | 131 |

5. DIRECTORS' EMOLUMENTS

The emoluments, excluding pension contributions, of the Directors of the Company were £118,524 (2012: £125,175). Compensation for loss of office payments amounted to £58,635 (2012: nil).

Pension contributions amounting to £6,350 (2012: £6,350) were also paid in respect of the directors to a money purchase pension scheme.

During the year retirement benefits were accruing to 3 directors (2012: 3) in respect of money purchase pension schemes.

TOYE, KENNING & SPENCER LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013****6. INTEREST PAYABLE**

| | 2013 | 2011 |
|----------------|---------------|-------------|
| | £ | £ |
| Group interest | 72,000 | 72,000 |

Interest is recharged from the parent undertaking on group loans and the company's bank borrowings.

7. TAXATION

There is no tax charge for the year (2012: £nil).

The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK (24%). The differences are explained below:

| | 2013 | 2012 |
|--|------------------|-------------|
| | £ | £ |
| (Loss)/profit on ordinary activities before taxation | (596,081) | 442,426 |
| (Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2012: 24%) | (137,099) | 106,182 |
| Effects of; | | |
| Expenses not deductible for tax purposes | 15,086 | 788 |
| Depreciation in advance of capital allowances | 1,640 | (3,546) |
| Carry forward/(utilisation) of tax losses | 128,304 | (122,121) |
| Income not taxable | (6,629) | - |
| Other differences | (1,302) | 18,697 |
| | - | - |

Factors that may affect future tax charges:

There are tax losses available for relief against future taxable profits of the relevant businesses amounting to £1,900,000 (2012: £1,370,000).

8. DEFERRED TAX

The company has a deferred tax asset which is not recognised in accordance with the company's accounting policy as follows:

| | 2013 | 2012 |
|-------------------------------------|----------------|-------------|
| | £ | £ |
| Accelerated capital allowances | 23,000 | 24,000 |
| Losses | 437,000 | 423,000 |
| Other short term timing differences | 20,000 | 21,000 |
| | 480,000 | 468,000 |

TOYE, KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

9. TANGIBLE FIXED ASSETS

| | Plant, machinery and equipment £ | Motor vehicles £ | Total £ |
|----------------------------|--|------------------------|---------------|
| Cost | | | |
| At 1 January 2013 | 1,918,914 | 79,840 | 1,998,754 |
| Additions | 14,125 | - | 14,125 |
| Disposals | (264,310) | (31,511) | (295,821) |
| At 31 December 2013 | 1,668,729 | 48,329 | 1,717,058 |
| Depreciation | | | |
| At 1 January 2013 | 1,827,629 | 70,825 | 1,898,454 |
| Charge for year | 42,835 | 5,166 | 48,001 |
| Disposals | (264,310) | (31,511) | (295,821) |
| At 31 December 2013 | 1,606,154 | 44,480 | 1,650,634 |
| Net book value | | | |
| At 31 December 2013 | 62,575 | 3,849 | 66,424 |
| At 31 December 2012 | 91,285 | 9,015 | 100,300 |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2013 £ | 2012 £ |
|----------------|-------------------------|-----------|
| Motor vehicles | 3,849 | 7,398 |

10. FIXED ASSET INVESTMENTS

| Subsidiary undertakings | Shares in group undertakings £ |
|--|--------------------------------------|
| Cost or valuation | |
| At 1 January 2013 and 31 December 2013 | 131,078 |
| Provisions | |
| At 1 January 2013 | 4,500 |
| Increase | 60,092 |
| At 31 December 2013 | 64,592 |
| Net book value | |
| At 31 December 2013 | 66,486 |
| At 31 December 2012 | 126,578 |

TOYE, KENNING & SPENCER LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013****10. FIXED ASSET INVESTMENTS - Continued**

Investments include investments in non-trading subsidiaries, as listed below. All subsidiary undertakings are incorporated in England and Wales and the investment comprises a holding of 100% of its issued ordinary capital.

Toye, Kenning & Spencer (Bedworth) Limited
Toye, Kenning & Spencer (Birmingham) Limited
Toye, Kenning & Spencer (London) Limited

11. STOCKS

| | 2013 £ | 2012 £ |
|-------------------------------------|------------------|------------------|
| Raw materials | 394,848 | 394,184 |
| Work in progress | 157,916 | 188,506 |
| Finished goods and goods for resale | 601,484 | 571,772 |
| | 1,154,248 | 1,154,462 |

12. DEBTORS

| | 2013 £ | 2012 £ |
|--------------------------------|----------------|------------------|
| Trade debtors | 664,908 | 1,038,767 |
| Amount due from parent company | - | 616,794 |
| Prepayments and accrued income | 72,259 | 73,901 |
| | 737,167 | 1,729,462 |

13. CREDITORS

Amounts falling due within one year:

| | 2013 £ | 2012 £ |
|---|------------------|------------------|
| Bank overdraft and invoice discounting | - | 559,687 |
| Trade creditors | 763,507 | 766,468 |
| Amount due to parent company | 362,328 | - |
| Net obligations under finance lease and hire purchase contracts | 694 | 4,167 |
| Social security and other taxes | 140,199 | 124,487 |
| Other creditors | 35,406 | 31,045 |
| Accruals and deferred income | 243,449 | 122,097 |
| | 1,545,583 | 1,607,951 |

TOYE, KENNING & SPENCER LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013****13. CREDITORS - Continued**

Amounts falling due within one year:

Obligations under finance leases and hire purchase contracts are secured on the asset concerned.

Amounts owing under an invoice discounting agreement of £nil at 31 December 2013 (2012: £436,920) are secured on trade debtors. The bank overdraft of £122,767 at 31 December 2012 is secured by a fixed and floating charge over the assets of the Toye & Company plc group.

14. CREDITORS:

Amounts falling due after more than one year

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Net obligations under finance lease and hire purchase contracts | - | 694 |

15. SHARE CAPITAL

| | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Allotted, called up and fully paid 2,500,000 ordinary shares of £1 each | 2,500,000 | 2,500,000 |

16. RESERVES

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 January 2013 | (993,453) |
| (Loss) for the year | (596,081) |
| At 31 December 2013 | (1,589,534) |

**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS'
FUNDS**

| | 2013 £ | 2012 £ |
|-----------------------------|-----------|-----------|
| Opening shareholders' funds | 1,506,547 | 1,064,121 |
| (Loss)/profit for the year | (596,081) | 442,426 |
| Closing shareholders' funds | 910,466 | 1,506,547 |

TOYE, KENNING & SPENCER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

18. CONTINGENT LIABILITIES

The company is party to cross guarantees in respect of bank loans and overdrafts of its parent undertaking and certain fellow subsidiary undertakings amounting to £nil (2012: £862,754). No liability is expected to arise under this arrangement.

19. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable leases as follows:

| | Other | |
|----------------------------|--------|--------|
| | 2013 | 2012 |
| | £ | £ |
| Expiry date: | | |
| Less than one year | 1,191 | - |
| Between two and five years | 52,168 | 45,768 |

20. PENSION COSTS

The Company operates a defined contribution pension scheme. The charge to the profit and loss account in the year amounted to £34,473 (2012 £34,066).

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 para 3 (c) with respect to disclosure of related party transactions with group companies.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Toye & Company plc.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Toye & Company plc. Consolidated accounts available from the registered office at Regalia House, 19-21 Great Queen Street, London, WC2B 5BE.

In the opinion of the directors this is the company's ultimate controlling party.