REGISTERED NUMBER: 01172728 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

FOR

PAUL MURRAY PLC

PAUL MURRAY PLC

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

PAUL MURRAY PLC

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS:	P T Murray K J Murray S C Coatham M Cox C Eastwood T Eastwood N B Hayton M J Murray G L Robertson
SECRETARY:	S C Coatham
REGISTERED OFFICE:	School Lane Chandlers Ford Eastleigh Hampshire SO53 4YN
REGISTERED NUMBER:	01172728 (England and Wales)
AUDITORS:	Rothmans Audit LLP Chartered Accountants & Statutory Auditors Avebury House St Peter Street Winchester Hampshire SO23 8BN

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

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

REVIEW OF BUSINESS

The principle activity of the company continued to be that of wholesaling and distribution of health and beauty products and nursery accessories.

In the year the company achieved sales of £14,365,694 (2015: £13,990,324) an increase of 2.7% on the previous year. This increase is due to a combination of factors, including sales to new customers and sales of new products. The sales total including agency sales were £21,463,518 (2015: £18,437,451).

The directors continue to adopt a going concern basis in preparing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors will continue to seek to expand the company's product range and customer base to ensure the company remains in a strong position to capitalise on its investment in the business operational framework, to take advantage of market improvements and to withstand any external economic pressures. The impact of Great Britain leaving the European Union on the company's performance is not yet known but the directors will make suitable plans as the implications become more certain.

KEY PERFORMANCE INDICATORS

The key financial highlights of the company's activities are:

	2016	2015	2014	2013	2012
	£	£	£	£	£
Turnover reported in the financial statements	14,365,694	13,990,324	16,325,712	18,109,647	16,369,066
Turnover including agency sales	21,463,518	18,437,451	17,300,023	18,109,647	16,369,066
Gross profit margin	39.1%	38.5%	30.9%	30.9%	31.9%
Profit before tax	1,139,705	1,147,089	947,357	1,210,043	1,006,689

OTHER PERFORMANCE INDICATORS

The company's ongoing strategies are to improve turnover, to protect and increase its share of the market together with protecting margins. The directors consider that they have achieved this in 2016 and expect that the company will continue to grow in 2017 and future years.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for, and finance, the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks, applicable to the financial statements concerned is shown below:

In respect of bank balances the liquidity risk is managed by maintaining an overdraft facility at floating rates of interest.

Trade debtors are managed, in respect of credit and cash flow risk, by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meets amounts due.

POLICY ON THE PAYMENT OF CREDITORS

Payment is generally made by the company to its creditors in accordance with agreed terms of business. It is the policy of the company that all invoices issued by suppliers are paid within 30 days following the end of the month in which the invoices are received. In the case of certain overseas suppliers, the terms of business with the company are such that payments may be made at an earlier time. The total amount of trade creditors as at 31 December 2016 represents 20 days (2015: 19 days) as a proportion of the amount invoiced by suppliers during the year ended on that date. It is not the company's policy to follow any code or standard on payment practice.

ON BEHALF OF THE BOARD:

....

P T Murray - Director

Date: ....9/6/2017....................

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS
During the year dividends of £302,479 (2015: £302,479) were paid by the company.

FUTURE DEVELOPMENTS
The company has had marked success over the last few years in distributing UK branded goods to its customers. Turnover has increased/reduced due to the commission/agency arrangement. This has lead to an increase in overall gross profit margins in percentage terms. The company is also looking to increase the distribution of its own brands, which contribute significantly to the company's profitability.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

P T Murray
K J Murray
S C Coatham
M Cox
C Eastwood
T Eastwood
N B Hayton
M J Murray
G L Robertson

DISCLOSURE IN THE STRATEGIC REPORT
In accordance with the Companies Act 2006, s414C(11), information in respect of business activities and risk are shown within the Strategic Report.

DIRECTORS' RESPONSIBILITIES STATEMENT
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- state whether applicable 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 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.

DIRECTORS' RESPONSIBILITIES STATEMENT - continued
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Rothmans Audit LLP, will be proposed for appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
P T Murray - Director

Date: 8/6/2017

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PAUL MURRAY PLC

We have audited the financial statements of Paul Murray Plc for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 Financial Reporting Standard 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 a Report of the Auditors 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 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 Strategic Report and the Report of the Directors 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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the 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 material misstatements in the strategic report or the directors' report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PAUL MURRAY PLC

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.

Susan Sullivan FCA (Senior Statutory Auditor)
for and on behalf of Rothmans Audit LLP
Chartered Accountants & Statutory Auditors
Avebury House
St Peter Street
Winchester
Hampshire
SO23 8BN

S A Sullivan FCA

Date: 12th June 2017

PAUL MURRAY PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
TURNOVER	3		14,365,694		13,990,324
Cost of sales			8,744,122		8,600,966
GROSS PROFIT			5,621,572		5,389,358
Distribution costs		3,061,745		2,774,001	
Administrative expenses		1,485,316		1,464,247	
			4,547,061		4,238,248
			1,074,511		1,151,110
Other operating income			63,886		-
OPERATING PROFIT	5		1,138,397		1,151,110
Interest receivable and similar income	7		7,823		7,712
			1,146,220		1,158,822
Interest payable and similar expenses	8		6,515		11,733
PROFIT BEFORE TAXATION			1,139,705		1,147,089
Tax on profit	9		244,884		276,063
PROFIT FOR THE FINANCIAL YEAR			894,821		871,026
OTHER COMPREHENSIVE INCOME					
Revaluation of tangible fixed assets			-		146,000
Deferred tax movement			119,011		-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX			119,011		146,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			1,013,832		1,017,026

The income statement has been prepared on the basis that all operations are continuing operations

The notes form part of these financial statements

PAUL MURRAY PLC (REGISTERED NUMBER: 01172728)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Intangible assets	11		69,970		85,523
Tangible assets	12		1,659,550		1,716,620
Investments	13		1		1
			1,729,521		1,802,144
CURRENT ASSETS					
Stocks	14	3,259,789		2,856,013	
Debtors	15	2,513,044		2,334,193	
Cash at bank		349,737		292,459	
		6,122,570		5,482,665	
CREDITORS					
Amounts falling due within one year	16	2,161,252		2,079,590	
NET CURRENT ASSETS			3,961,318		3,403,075
TOTAL ASSETS LESS CURRENT LIABILITIES			5,690,839		5,205,219
CREDITORS					
Amounts falling due after more than one year	17		-		(120,719)
PROVISIONS FOR LIABILITIES	21		-		(105,014)
NET ASSETS			5,690,839		4,979,486
CAPITAL AND RESERVES					
Called up share capital	22		100,000		100,000
Revaluation reserve	23		671,210		552,199
Retained earnings	23		4,919,629		4,327,287
SHAREHOLDERS' FUNDS			5,690,839		4,979,486

The financial statements were approved by the Board of Directors on 8th June 2017 and were signed on its behalf by:

....
Director

The notes form part of these financial statements

PAUL MURRAY PLC

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

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2015	100,000	3,758,740	406,199	4,264,939
Changes in equity				
Profit for the year	-	871,026	-	871,026
Other comprehensive income	-	-	146,000	146,000
Total comprehensive income	-	871,026	146,000	1,017,026
Dividends	-	(302,479)	-	(302,479)
Balance at 31 December 2015	100,000	4,327,287	552,199	4,979,486
Changes in equity				
Profit for the year	-	894,821	-	894,821
Other comprehensive income	-	-	119,011	119,011
Total comprehensive income	-	894,821	119,011	1,013,832
Dividends	-	(302,479)	-	(302,479)
Balance at 31 December 2016	100,000	4,919,629	671,210	5,690,839

The notes form part of these financial statements

PAUL MURRAY PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	1,237,432	938,828
Interest paid		(6,515)	(11,733)
Tax paid		(259,789)	(195,358)
Net cash from operating activities		971,128	731,737
Cash flows from investing activities			
Purchase of tangible fixed assets		(126,618)	(110,715)
Sale of tangible fixed assets		-	12,000
Interest received		7,823	7,712
Net cash from investing activities		(118,795)	(91,003)
Cash flows from financing activities			
Loan repayments in year		(339,762)	(263,724)
Equity dividends paid		(302,479)	(302,479)
Net cash from financing activities		(642,241)	(566,203)
Increase in cash and cash equivalents		210,092	74,531
Cash and cash equivalents at beginning of year	2	139,645	65,114
Cash and cash equivalents at end of year	2	349,737	139,645

The notes form part of these financial statements

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Profit for the financial year	894,821	871,026
Depreciation charges	187,439	220,273
Loss/(profit) on disposal of fixed assets	11,800	(5,286)
Finance costs	6,515	11,733
Finance income	(7,823)	(7,712)
Taxation	244,884	276,063
	1,337,636	1,366,097
Increase in stocks	(403,776)	(214,863)
Increase in trade and other debtors	(166,288)	(380,316)
Increase in trade and other creditors	469,860	167,910
Cash generated from operations	1,237,432	938,828

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	349,737	292,459
Bank overdrafts	-	(152,814)
	349,737	139,645

Year ended 31 December 2015

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	292,459	223,308
Bank overdrafts	(152,814)	(158,194)
	139,645	65,114

1. STATUTORY INFORMATION

Paul Murray Plc is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006 and under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

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.

Significant judgements and estimates
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 liability 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 accounting policies requiring the most judgement within the financial statements are those relating to stock valuation, revaluation of assets and accounting for sales and purchases under agency agreements.

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 revision and future periods where the revision affects both the current and future periods.

continued...

2. **ACCOUNTING POLICIES - continued**

Turnover
Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers for the sale of non-pharmaceutical products, surgical goods, cosmetics, fragrances, and toiletries in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

In 2014 the company entered into an agreement with a supplier to act as their agent in the supply of their goods. Commission is receivable in respect of sales made and recognised within turnover shown in the profit and loss account. Revenue is recognised at the point of dispatch of the product.

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.

Goodwill
Goodwill is capitalised and written off evenly over 20 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

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.*

Tangible fixed assets are stated at cost, being purchase price together with any incidental costs of acquisition, less accumulated depreciation, except for freehold land & buildings which are held at valuation. Depreciation is calculated so as to write off the cost or revaluation of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold property	2% straight line
Fixtures and fittings	25% reducing balance and 33.33% straight line
Equipment	25% straight line
Motor vehicles	25% reducing balance

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.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

continued...

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries
Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets
At each reporting 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 land 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost basis and provision is made for obsolete and slow moving items.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents 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.

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2. **ACCOUNTING POLICIES - continued**

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 when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amount presented in the financial statements, when there is a legally enforceable right to see 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 trade and other receivables 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets
Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

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

Impairment of financial assets
Financial assets, other than those held at fair value through profit or 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 it 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.

continued...

2. ***ACCOUNTING POLICIES - continued***

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered to. 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 trade and other payables, bank borrowings, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is *measured at the present value of the future payments discounted at a market rate of interest.*

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered to. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

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

Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

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 and deferred tax is charged or credited to the 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 the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

continued...

2. ACCOUNTING POLICIES - continued

Deferred tax
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 assessment in different periods from their recognition in the financial statements. 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.

Foreign currencies
Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Hire purchase and leasing commitments
Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year in accordance with the rules of the fund. The assets of the scheme are held separately from these of the company in an independently administered fund.

Employee benefits
The costs of employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2016	2015
	£	£
Sale of goods	12,845,286	12,891,986
Commission receipts	1,520,408	1,098,338
	14,365,694	13,990,324

continued...

3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2016	2015
	£	£
United Kingdom	13,802,553	13,256,121
Europe	553,532	547,389
Rest of the World	9,609	186,814
	14,365,694	13,990,324

4. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	2,577,259	2,467,224
Social security costs	293,071	278,791
Other pension costs	54,456	65,238
	2,924,786	2,811,253

The average monthly number of employees during the year was as follows:

	2016	2015
Operations	60	57
Administrative	10	11
Directors	9	9
	79	77

	2016	2015
	£	£
Directors' remuneration for qualifying services	634,115	607,927
Directors' pension contributions to money purchase schemes	10,868	24,688

The number of directors to whom retirement benefits were accruing was as follows:

	2016	2015
Money purchase schemes	4	4

Information regarding the highest paid director is as follows:

	2016	2015
Directors' remuneration for qualifying services	177,777	156,492

continued...

5. OPERATING PROFIT

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

	2016	2015
	£	£
Hire of plant and machinery	182,609	118,182
Depreciation - owned assets	171,888	204,723
Loss/(profit) on disposal of fixed assets	11,800	(5,286)
Goodwill amortisation	15,553	15,550
Foreign exchange differences	(63,886)	5,572
Cost of stocks recognised as an expense	8,050,956	7,511,538
Operating lease charges	325,968	259,470

6. AUDITORS' REMUNERATION

	2016	2015
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	16,000	25,600
Auditors' remuneration for non audit work	3,550	5,185

Auditors' remuneration of £16,000 in 2016 relates to services provided by Rothmans Audit LLP in respect of the auditing of these accounts. Auditors' remuneration for non audit work of £3,550 in 2016 relates to other non-audit services provided by Rothmans Audit LLP and their associates.

Auditors' remuneration of £25,600 in 2015 relates to services provided by RSM UK Audit LLP in respect of the auditing of those accounts. Auditors' remuneration for non-audit services of £5,185 in 2015 relates to other non-audit services provided by RSM UK Audit LLP and their associates.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Other interest income	7,823	7,712

All interest receivable relates to financial assets measured at amortised cost.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
Bank loan interest	6,515	11,733

All interest payable relates to bank loans and overdrafts, which are financial liabilities measured at amortised cost.

continued...

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	243,450	259,785
Deferred tax	1,434	16,278
Tax on profit	244,884	276,063

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit before tax	1,139,705	1,147,089
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	227,941	232,286
Effects of:		
Expenses not deductible for tax purposes	19,845	5,992
Depreciation in excess of capital allowances	-	20,412
Change in corporation tax rate	-	(133)
Other non-reversing timing differences	-	29,519
Adjust closing deferred tax to average rate	660	(13,107)
Adjust opening deferred tax to average rate	(1,755)	1,094
Reversal of deferred tax provision on freehold property	(1,807)	-
Total tax charge	244,884	276,063

Tax effects relating to effects of other comprehensive income

Other comprehensive income of £119,011 in 2016 relates to the release of a deferred tax provision in respect of freehold property carried at valuation. If the freehold property was sold at its current market value no tax would be due.

There were no tax effects in respect of other comprehensive income in FY2015.

continued...

9. TAXATION - continued

The main rate of corporation tax in the UK decreased from 21% to 20% with effect from 1 April 2015 hence the standard rate of corporation tax in FY2016 is lower than that in FY2015.

10. DIVIDENDS

	2016	2015
	£	£
Ordinary A shares of £1 each		
Final	302,479	302,479

11. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 January 2016	
and 31 December 2016	311,009
AMORTISATION	
At 1 January 2016	225,486
Amortisation for year	15,553
At 31 December 2016	241,039
NET BOOK VALUE	
At 31 December 2016	69,970
At 31 December 2015	85,523

12. TANGIBLE FIXED ASSETS

	Freehold property	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£	£
COST					
At 1 January 2016	1,420,000	975,155	183,811	571,944	3,150,910
Additions	3,866	80,529	31,500	10,722	126,617
Disposals	-	(407,125)	-	(408,629)	(815,754)
At 31 December 2016	1,423,866	648,559	215,311	174,037	2,461,773
DEPRECIATION					
At 1 January 2016	-	846,668	84,809	502,813	1,434,290
Charge for year	28,458	75,986	30,657	36,787	171,888
Eliminated on disposal	-	(407,126)	-	(396,829)	(803,955)
At 31 December 2016	28,458	515,528	115,466	142,771	802,223
NET BOOK VALUE					
At 31 December 2016	1,395,408	133,031	99,845	31,266	1,659,550
At 31 December 2015	1,420,000	128,487	99,002	69,131	1,716,620

continued...

12. **TANGIBLE FIXED ASSETS - continued**

Freehold property is carried at valuation and was valued on an open market basis on 7 January 2016 by Primmer Olds UK Ltd, Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

In the directors' opinion there is no material difference between the fair value and the carrying value of freehold property as at 31 December 2016.

If freehold property had not been revalued it would have been included at the following historical cost:

	2016	2015
	£	£
Cost	1,246,220	1,242,354
Aggregate depreciation	481,422	456,498
Carrying value	764,798	1,698,852

13. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings
	£
COST	
At 1 January 2016 and 31 December 2016	1
NET BOOK VALUE	
At 31 December 2016	1
At 31 December 2015	1

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Miner's International Limited
Registered office: School Lane, Chandlers Ford, Southampton, Hampshire, SO53 4YN
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

	2016	2015
	£	£
Aggregate capital and reserves	1	1

continued...

14. STOCKS

	2016	2015
	£	£
Finished goods	3,259,789	2,856,013

The total value of stock written off in the year is £16,682 (2015: £41,165).

There is no material difference between the replacement cost of stocks and the amounts stated above.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade debtors	1,868,788	1,724,842
Other debtors	364,544	260,579
Deferred tax asset	12,563	-
Prepayments and accrued income	267,149	348,772
	2,513,044	2,334,193

The total value of debtors written off in the year is £3,598 (2015: £12,972).

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Bank loans and overdrafts (see note 18)	-	371,859
Trade creditors	1,183,507	617,433
Amounts owed to group undertakings	1	1
Corporation tax	243,450	259,789
Social security and other taxes	95,202	91,723
VAT	128,266	232,600
Accruals and deferred income	510,826	506,185
	2,161,252	2,079,590

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Bank loans (see note 18)	-	120,719

18. LOANS

An analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	152,814
Bank loans	-	219,045
	-	371,859

continued...

18. LOANS - continued

	2016	2015
	£	£
Amounts falling due between one and two years:		
Bank loans - 1-2 years	-	120,719

Bank loans are secured by a debenture and a first legal charge over the company's freehold land and buildings. Interest is charged per annum at 2% above the Bank of England base rate. The bank loan was fully repaid during 2016.

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	401,808	317,184
Between one and five years	1,880,796	392,898
In more than five years	4,494,485	-
	6,777,089	710,082

20. FINANCIAL INSTRUMENTS

The financial statements include the following financial instruments:

Financial Assets measured at amortised cost

	2016	2015
	£	£
Trade Debtors	1,868,788	1,724,842
Cash at Bank & Hand	349,737	292,459
Loan to Albemarle Properties	364,544	225,000
	2,583,069	2,242,301

Financial Liabilities measured at amortised cost

	2016	2015
	£	£
Bank Loans and Overdrafts	-	492,578
Trade Creditors	1,183,507	617,433
	1,183,507	1,110,011

21. PROVISIONS FOR LIABILITIES

	2015
	£
Deferred tax	105,014

 continued...

21. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2016	105,014
Provided during year	3,241
Unused amounts reversed during year	(120,818)
Balance at 31 December 2016	(12,563)

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 (including offsets) for financial reporting purposes.

	2016 £	2015 £
Accelerated capital allowances	2,577	831
Valuation of land and buildings	-	120,818
Short-term timing differences	(15,140)	(16,635)
	(12,563)	105,014

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
49,538	Ordinary A	£1	49,538	49,538
18,500	Ordinary B	£1	18,500	18,500
31,962	Ordinary C	£1	31,962	31,962
			100,000	100,000

Each share is entitled to one vote in any circumstance. All classes of shares rank equally on a winding up of the company. Dividends on each of share are voted separately. If any share of the A or B class is sold or ownership transferred, the share becomes a C ordinary share.

continued...

23. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2016	4,327,287	552,199	4,879,486
Profit for the year	894,821		894,821
Dividends	(302,479)		(302,479)
Deferred Tax Movement	-	119,011	119,011
At 31 December 2016	4,919,629	671,210	5,590,839

24. PENSION COMMITMENTS

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

The charge to profit or loss in respect of defined contribution schemes was £54,456 (2015: £65,238).

Contributions of £9,803 (2015: £8,508) were outstanding at the year end and are included within accruals.

25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Dividends paid to the company's directors amounted to £302,479 (2015: £302,479).

26. RELATED PARTY DISCLOSURES

Entities over which the entity has control, joint control or significant influence

	2016 £	2015 £
Amount due to related party (Miner's International Limited)	1	1

Other related parties (Albemarle Properties Development Limited)

	2016 £	2015 £
Amount due from related party	364,544	225,000

Albemarle Properties Development Limited is a company under the control of the directors P Murray and M Murray.

During the year advances of £360,000 were made to Albemarle Properties Development Limited and repayments of £228,279 were received from Albemarle Properties Development Limited. Interest of £7,823 (2015: £7,712) was due in respect of these loans. The outstanding loan balance at the year end was £364,544 (2015: £225,000) and is included in other debtors.

The remuneration of key management personnel, who are also directors, is as follows:

	2016 £	2015 £
Aggregate compensation	620,964	689,238

continued...

27. ULTIMATE CONTROLLING PARTY

The company is controlled by P T Murray and K J Murray, directors of the company, by virtue of their majority shareholding.