

**A G PARFETT & SONS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2016**

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COMPANIES HOUSE

# A G PARFETT & SONS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Alan Godfrey Parfett Patricia Marian Parfett Stephen Parfett Barbara Anne Ashcroft Patricia Ann Parfett Judith Parfett David Grimes Gregory Suszczenia Andrew Whitworth
<b>Secretary</b>	David Grimes
<b>Company number</b>	01472970
<b>Registered office</b>	Didsbury Road Stockport Cheshire SK4 2JP
<b>Auditors</b>	RSM UK AUDIT LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
<b>Bankers</b>	Lloyds TSB Bank Plc Commercial Banking Service Centre Norfolk House 7 Norfolk Street Manchester M2 1DW  Santander UK Plc Bridle Road Bootle Merseyside L30 4GB
<b>Solicitors</b>	Pannone LLP 123 Deansgate Manchester M3 2BU  Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2PX

# **A G PARFETT & SONS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2016**

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The directors present the strategic report and financial statements for the year ended 30 June 2016.

#### **Fair review of the business**

The results for the year ended June 2016 are in line with our expectations given the challenging trading conditions in which we operate. Turnover was slightly lower than 2015 (down 1.2%), although our operating profit pre exceptional costs did increase. During the year the Company was delighted to help facilitate the acquisition of the remaining 36.34% shares by the Parfett's Employee Ownership Trust from the Parfett family. This purchase was funded partially through cash reserves and also by zero coupon loan notes. The exceptional legal costs associated with the share purchase along with the costs of restructuring the Company buying function did result in a reduction in the profit before taxation for the year.

Our Go Local retail club continues to be a real sales growth area for the business, helping our retailers to deal with tough trading conditions and intense competition. The number of Go Local members has risen to 1,514 and 204 of those now have a Go Local fascia.

Credit is due to the hard work of all our colleagues. Throughout the business we are working harder for our customers than ever before and all our staff continue to benefit from our results through our Employee Ownership Bonus Scheme.

#### **Key Performance Indicators**

The Directors are focused on the KPI's of the business, the most important of which remain sales, margin, staff costs, cash flow, stock control and stock availability. Each week around 40 KPI's are measured and reviewed by the management team at the depots and they are normally joined by a director for this meeting.

Overall the business continues to trade satisfactory and our colleagues, as owners of the business, are regularly updated with details of progress.

#### **Future developments**

Our market leading Go Local retail club and symbol group continues to grow at pace, and is on track in the coming year to exceed 1850 retailers participating in the promotion, with a target of 300 of those stores to be under the Go Local fascia symbol. Interest in Go Local fascias continues to come from outside our historical geographical catchment area. Go Local Direct (GOLD), the delivery service operating from our Sheffield branch, is growing quickly and is starting to make a significant contribution to company turnover.

#### **Principal risks and uncertainties**

Duty fraud continues to affect our market. We are hopeful that the introduction of the Alcohol Wholesale Registration Scheme and a rigorous enforcement approach from HMRC will improve the situation.

The markets in which the company operates are highly competitive. As a result, there is a constant pressure on sales and margins.

#### **Financial risk management objectives and policies**

The company uses various financial instruments including loans, trade debtors and trade creditors that arise directly from its operations; no transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are cash flow, liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company policy throughout the year has been to ensure continuity of funding and short-term flexibility is achieved by having appropriate overdraft facilities in place. The maturity of borrowings is set out in the notes to the financial statements.

The company finances its operations through retained profits and borrowings, including loan notes. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The company's floating rate facility is offset against its credit balances.

The company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from the company's trade debtors.

**A G PARFETT & SONS LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

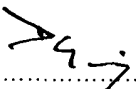
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In order to manage credit risk, the directors set limits for customers based on a combination of payment history, likely sales behaviour and third party credit references. Credit reviews are held with depot management on a regular basis in conjunction with debt ageing and collection history.

**Employees**

It is the company's policy to provide disabled persons, within the limitation of their abilities, with the same opportunities in all respects of employment as those available to other employees. The employees, through the Parfett's Employee Ownership Trust, have a 100% interest in the issued share capital of the company. The directors place considerable value on the involvement of the company's employees; each operating branch adopts the practice of keeping its employees informed on matters affecting them as employees and on various factors affecting the performance of their business. This is achieved through elected staff councils at each location meeting both formally and informally with the directors and senior managers.

By order of the board

  
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David Grimes  
Secretary

27<sup>th</sup> March 2017

# **A G PARFETT & SONS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2016**

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The directors present their report and financial statements for the year ended 30 June 2016.

#### **Principal activities**

The company's principal activity continues to be that of wholesales of food, wine, spirits and cigarettes.

#### **Directors**

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

Alan Godfrey Parfett  
Patricia Marian Parfett  
Stephen Parfett  
Barbara Anne Ashcroft  
Patricia Ann Parfett  
Judith Parfett  
David Grimes  
Gregory Suszczenia  
Andrew Whitworth (Appointed 1 September 2015)

#### **Results and dividends**

The profit for the year after taxation was £1,536,810 (2015: £1,803,363). No interim dividend (2015: £nil) was paid. No final dividend (2015: £nil) was paid. The profit of £1,536,810 (2015: £1,803,363) has been transferred to reserves.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Charitable donations**

During the year the company made various charitable contributions totalling £11,985 (2015: £9,249) for the benefit of the community.

#### **Matters of strategic importance**

Information is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 2 to 3 under S414c(11).

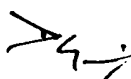
#### **Auditor**

RSM UK Audit LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

#### **Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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.

By order of the board



David Grimes  
Company Secretary and Director

27th March 2017

# **A G PARFETT & SONS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 30 JUNE 2016**

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The directors are responsible for preparing the Directors' Report, the Strategic 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;
- 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 and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A G PARFETT & SONS LIMITED

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## Opinion on financial statements

We have audited the financial statements on pages 7 to 27. 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), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Scope of the audit of the financial statements

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

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements .

## Matters on which we are required to report by exception

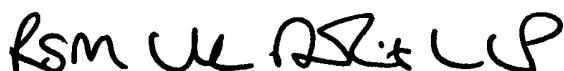
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

## Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



GRAHAM BOND FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

28 March 2017

**A G PARFETT & SONS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 £	2015 £
<b>Turnover</b>	<b>3</b>	306,745,058	310,418,197
Cost of sales		(287,028,570)	(290,390,137)
<b>Gross profit</b>		19,716,488	20,028,060
Administrative expenses		(17,211,564)	(17,625,031)
Other operating income		119,374	111,841
<b>Operating profit Pre Exceptional Costs</b>		2,624,298	2,514,870
Exceptional Costs	<b>30</b>	(603,833)	-
<b>Operating profit</b>		2,020,465	2,514,870
Interest receivable and similar income	<b>8</b>	25,342	22,996
Interest payable and similar charges	<b>9</b>	(426,543)	(339,857)
Dividend income		99,577	161,286
<b>Profit on ordinary activities before taxation</b>		1,718,841	2,359,295
Taxation	<b>10</b>	(182,031)	(555,932)
<b>Profit for the financial year</b>		1,536,810	1,803,363
<b>Total comprehensive income for the year</b>		1,536,810	1,803,363

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



# A G PARFETT & SONS LIMITED

Company Registration No. 01472970

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

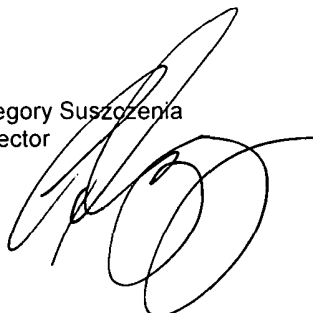
	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	11	490,145	530,776
Tangible assets	12	26,176,342	26,677,528
Investments	13	802	36,802
		<u>26,667,289</u>	<u>27,245,106</u>
<b>Current assets</b>			
Stocks	14	33,944,072	32,068,590
Debtors	15	14,650,130	15,534,203
Cash at bank and in hand		10,716,503	14,947,857
		<u>59,310,705</u>	<u>62,550,650</u>
<b>Creditors: amounts falling due within one year</b>	16	(52,647,226)	(44,729,693)
<b>Net current assets</b>		<u>6,663,479</u>	<u>17,820,957</u>
<b>Total assets less current liabilities</b>		<u>33,330,768</u>	<u>45,066,063</u>
<b>Creditors: Amounts falling due after more than one year</b>	17	(11,805,371)	(9,095,724)
<b>Provisions for liabilities</b>	20	(2,382,093)	(2,674,074)
<b>Net assets</b>		<u>19,143,304</u>	<u>33,296,265</u>
<b>Capital and reserves</b>			
Called up share capital	22	20,000	20,000
Own shares held by Employee Ownership Trust	25	(35,689,771)	(20,000,000)
Revaluation reserve	31	10,360,157	10,479,148
Profit and loss reserves	31	44,452,918	42,797,117
<b>Total equity</b>		<u>19,143,304</u>	<u>33,296,265</u>

The financial statements were approved by the board of directors and authorised for issue on 27<sup>th</sup> March 2017 and are signed on its behalf by:

David Grimes  
Director



Gregory Suszcozenia  
Director



**A G PARFETT & SONS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Share capital	Own shares held by Employee Ownership Trust	Revaluation reserve	Profit and loss reserves	Total
<b>Balance at 1 July 2014</b>	20,000	(20,000,000)	10,598,139	40,874,763	31,492,902
Profit for the year	-	-	-	1,803,363	1,803,363
Transfer in respect of depreciation on revalued buildings	-	-	(118,991)	118,991	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	(118,991)	1,922,354	1,803,363
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2015</b>	20,000	(20,000,000)	10,479,148	42,797,117	33,296,265
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 1 July 2015</b>	20,000	(20,000,000)	10,479,148	42,797,117	33,296,265
Profit for the year	-	-	-	1,536,810	1,536,810
Transfer in respect of depreciation on revalued buildings	-	-	(118,991)	118,991	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	(118,991)	1,655,801	1,536,810
Share Purchased		(15,689,771)	-	-	(15,689,771)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2016</b>	20,000	(35,689,771)	10,360,157	44,452,918	19,143,304
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**A G PARFETT & SONS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	29	2,893,082	2,696,961
Interest paid		(274,245)	(339,857)
Income taxes paid		(630,424)	(739,308)
<b>Net cash from operating activities</b>		<u>1,988,413</u>	<u>1,617,796</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(513,726)	(348,814)
Proceeds on disposal of tangible fixed assets		1,100	500
Cash inflow from repayment of investment loans and receivables		36,000	27,000
Interest received		25,342	22,996
Dividends received		99,577	161,286
<b>Net cash used in investing activities</b>		<u>(351,707)</u>	<u>(137,032)</u>
<b>Financing activities</b>			
Repayment of bank loans		(1,638,436)	(1,589,876)
New loan notes		11,460,147	-
Purchase of own shares	25	(15,689,771)	-
<b>Net cash used in financing activities</b>		<u>(5,868,060)</u>	<u>(1,589,876)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(4,231,354)</u>	<u>(109,112)</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>14,947,857</u>	<u>15,056,969</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>10,716,503</u></u>	<u><u>14,947,857</u></u>
<b>Relating to:</b>			
Bank balances and short term deposits included in cash at bank and in hand		<u>10,716,503</u>	<u>14,947,857</u>
		<u><u>10,716,503</u></u>	<u><u>14,947,857</u></u>

# **A G PARFETT & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2016**

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#### **1 Accounting policies**

##### **Company information**

A G Parfett & Sons Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Didsbury Road, Stockport, Cheshire, SK4 2JP.

The company's principal activities continue to be that of wholesalers of food, wine, spirits and cigarettes.

##### **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, including the provisions of the Large and Medium-sized Companies and Company's (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

These financial statements are the first financial statements of A G Parfett & Sons Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of A G Parfett & Sons Limited for the year ended 30 June 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

##### **Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. These financial statements are prepared on the going concern basis.

As part of its going concern review the Board has followed the guidelines published by the Financial reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks". The Board has prepared detailed financial forecast and cash flows looking 12 months ahead from the date the accounts are signed. In drawing up these forecasts the Board has made assumptions based upon its view of the current and future economic conditions that will prevail over the forecast period. The timing of the cash flows and covenants in respect of the bank loans provided have been taken into consideration and in addition to the forecasts we have also considered how the business might be affected by foreseeable turnover scenarios. These do not lead us believe that we face significant difficult but should we do so we are confident we could adjust costs accordingly.

The company has an agreed 12 months banking facility, which is due for renewal on 31 March 2017 and due to the strong relationship with their bankers it is anticipated that will be renewed at the appropriate time.

The Board have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# **A G PARFETT & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2016**

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#### **1 Accounting policies (continued)**

##### **Exemption from preparing consolidated accounts**

In accordance with S402 of the Companies Act 2006 the wholly owned subsidiary has not been consolidated on the grounds that it is immaterial for the purposes of the true and fair view (individually and collectively). The financial statements therefore present information about the company as an individual entity.

##### **Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers 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. Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, the amount of revenue can be measured reliably, and receipt of payment is probable.

##### **Intangible fixed assets - 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.

Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased goodwill	- 5% straight line
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Amortisation is revised prospectively for any significant change in useful life or residual value.

##### **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. The company chose the transitional exemption in FRS 102 to elect the previous GAAP valuation of freehold land and building as deemed cost. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold buildings	- 2% straight line
Leasehold buildings	- 5% straight line
Computer equipment	- 25% straight line
Fork lift trucks	- 20% straight line
Other plant, machinery, fixtures and fittings	- 15% reducing balance
Motor vehicles	- 25% reducing balance

Freehold land is not depreciated.

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

Land and buildings are accounted for separately even when acquired together.

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.

##### **Fixed asset investments**

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 G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1 Accounting policies (continued)**

**Impairments 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.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

*Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.*

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.

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) in 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 valued on first in, first out basis at the lower of cost and estimated selling price less costs to sell.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential, i.e. benefits expected from use or sale of the stock.

**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.

# **A G PARFETT & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2016**

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#### **1 Accounting policies (continued)**

##### **Financial assets**

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 assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.*

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or losses are measured at fair value.

##### ***Financial assets at fair value through profit or loss***

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

##### ***Loans and receivables***

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

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

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity

##### **Financial liabilities**

Basic financial liabilities are initially measured 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. Other financial liabilities classified as fair value through profit or loss is measured at fair value.

##### ***Financial liabilities at fair value through profit or loss***

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss.

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1 Accounting policies (continued)**

***Other financial liabilities***

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

***Derecognition of financial liabilities***

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

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

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

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 date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

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

***Provisions***

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.



**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1 Accounting policies (continued)**

**Employee benefits**

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

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

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

**Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**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.

**Foreign exchange**

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

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

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

**Employee ownership trust**

Investments in the company's own shares which are held for the benefit of beneficiaries of the Employee Ownership Trust are shown as a deduction from shareholder's funds. At the year end all shares held have not been allocated to employees of the company.

As the company has de facto control over the Employee Ownership Trust, the assets and liabilities of the trust have been included within the assets and liabilities of the company.

**2 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

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

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, where the Company is a lessor.

No stock provision was made based on slow movement and obsolete stock.

In reviewing any provision for bad and doubtful debt, management makes judgements as to whether balances owed from customers are recoverable in the foreseeable future.

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**3 Turnover**

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

	2016 £	2015 £
<b>Class of business</b>		
Sale of goods	306,745,058	310,418,197
	<hr/>	<hr/>
	306,745,058	310,418,197
	<hr/>	<hr/>

**Turnover analysed by geographical market**

	2016 £	2015 £
UK	303,751,775	307,199,680
Europe	2,070,744	2,215,777
Rest of the world	922,539	1,002,740
	<hr/>	<hr/>
	306,745,058	310,418,197
	<hr/>	<hr/>

**4 Operating profit**

Operating profit is stated after charging/(crediting):

Fees payable to the company's auditors for:		
- the audit of the company's financial statements	32,204	32,556
- tax compliance	5,190	7,235
- advice re restructuring	4,400	-
Depreciation of owned tangible fixed assets	999,712	1,015,633
Profit on disposal of tangible fixed assets	(1,098)	(498)
Amortisation of intangible assets	40,631	40,631
Cost of stocks recognised as an expense	(287,028,570)	(290,390,137)
Operating lease charges	210,585	262,560
Exceptional items – note 30	608,833	-
	<hr/>	<hr/>

**5 Auditor's remuneration**

Fees payable to the company's auditor :

<b>For audit services:</b>		
Audit of the company's financial statements	32,204	32,556
	<hr/>	<hr/>
<b>For other services:</b>		
Taxation compliance services	5,190	7,235
Advice re restructuring	4,400	-
	<hr/>	<hr/>

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**6 Employees**

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

	<b>2016</b>	<b>2015</b>
	<b>No</b>	<b>No</b>
Management and administration	120	124
Warehouse and sales	429	425
	<u>549</u>	<u>549</u>

Their aggregate remuneration comprised:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	10,313,666	10,237,880
Social security costs	813,179	848,072
Pension costs	597,799	693,551
	<u>11,724,644</u>	<u>11,779,503</u>

Exceptional payroll costs related to redundancies are disclosed within Note 30.

**7 Directors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	855,348	761,666
Company contributions to defined contribution pension schemes	58,623	157,518
	<u>913,971</u>	<u>919,184</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes are nil (2015 - nil).

The number of directors for whom retirement benefits are accruing under defined contribution schemes are 3 (2015 - 2).

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Remuneration	301,623	310,122
Company contributions to defined contribution pension schemes	32,500	79,954
	<u>334,123</u>	<u>390,076</u>

**8 Interest receivable and similar income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Interest income		
Interest on loans	25,342	22,996
	<u>25,342</u>	<u>22,996</u>

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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<b>9</b>	<b>Interest payable and similar charges</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on bank overdrafts and loans	274,245	339,857
	Interest on loan notes	152,298	-
		<hr/>	<hr/>
	Total finance costs	426,543	339,857
		<hr/>	<hr/>
<b>10</b>	<b>Taxation</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	472,965	543,586
	Adjustments in respect of prior periods	1,047	(1,194)
		<hr/>	<hr/>
	Total current tax	474,012	542,392
		<hr/>	<hr/>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(60,980)	13,540
	Capital gains and losses	(231,001)	-
		<hr/>	<hr/>
	Total deferred tax	(291,981)	13,540
		<hr/>	<hr/>
	Total tax charge	182,031	555,932
		<hr/>	<hr/>

**Factors affecting future tax charges**

The main rate of corporation tax has been reduced from 21% to 20% in 2015/16. This will be further reduced to 19% for financial years starting on 1 April 2017 and then to 17% from 1 April 2020, thus aligning the main company rate and the small company rate. These reductions were substantively enacted on 26 October 2015.

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**10 Taxation (continued)**

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2016 £	2015 £
Profit before taxation	1,718,841	2,359,295
Expected tax charge based on a corporation tax rate of 20% (2015: 20.75%)	343,768	489,554
Tax effect of expenses that are not deductible in determining taxable profit	57,166	10,906
Franked investment income	(19,915)	(33,468)
Adjustments in respect of prior years	1,047	(1,194)
Capital allowances in excess of depreciation	64,642	88,979
Other short term timing differences	-	(12,385)
Other movements in deferred tax provision	(264,677)	13,540
Tax expense for the year	182,031	555,932

**11 Intangible fixed assets**

	Goodwill £
<b>Cost</b>	
As at 1 July 2015 and 30 June 2016	1,925,315
<b>Amortisation and impairment</b>	
As at 1 July 2015	1,394,539
Charge for the year	40,631
As at 30 June 2016	1,435,170
<b>Carrying amount</b>	
As at 30 June 2016	490,145
As at 30 June 2015	530,776

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**12 Tangible fixed assets**

	Freehold land and buildings £	Plant, machinery, fixtures and fittings £	Motor vehicles £	Leasehold land and buildings £	Total £
<b>Cost or valuation</b>					
As at 1 July 2015	26,742,364	15,371,075	83,184	303,971	42,500,594
Additions	93,064	420,662	-	-	513,726
Disposals	-	(39,995)	-	-	(39,995)
As at 30 June 2016	26,835,428	15,751,742	83,184	303,971	42,974,325
<b>Depreciation and impairment</b>					
Depreciation charged in the year	2,803,891	12,895,278	69,964	53,933	15,823,066
Disposals	474,484	521,921	3,307	15,198	1,014,910
As at 30 June 2016	-	(39,993)	-	-	(39,993)
As at 30 June 2016	3,278,375	13,377,206	73,271	69,131	16,797,983
<b>Carrying amount</b>					
30 June 2016	23,557,053	2,374,536	9,913	234,840	26,176,342
30 June 2015	23,938,473	2,475,797	13,220	250,038	26,677,528

Included within Freehold land and buildings is land at a valuation of £3,119,542 (2015: £3,119,542) which is not depreciated.

A valuation of freehold land and buildings was carried out on the basis of Market Value on 16<sup>th</sup> October 2014. The valuation was carried out by Greenham Commercial Limited in accordance with RICS Appraisal and Valuation Manual. In the opinion of the directors, taking account of notional directly attributable acquisition costs and trade specific adaptations, there is no material difference between the carrying value of the properties and the revaluation. The Directors have taken advantage of the exemption under Section 35 of FRS 102 to treat the previous GAAP valuation of Freehold Land and Buildings as deemed cost.

On the historical cost basis, freehold land and buildings would have been included as follows:

	£
<b>Cost</b>	
As at 1 July 2015	19,392,627
Additions	93,064
As at 30 June 2016	19,485,691
<b>Cumulative depreciation based on costs:</b>	
As at 1 July 2015	5,579,671
As at 30 June 2016	5,935,164

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**13 Fixed asset investments**

	Subsidiary undertaking £	Other investment loan £	Other investment shares £	Investment in Enterprise Zone Trust £	Total £
<b>Cost or valuation</b>					
As at 1 July 2015	1	294,761	26,640	184,768	506,170
Repayment received in the year	-	(36,000)	-	-	(36,000)
As at 30 June 2016	1	258,761	26,640	184,768	470,170
<b>Provisions</b>					
As at 1 July 2015 and 30 June 2016	-	(257,961)	(26,639)	(184,768)	(469,368)
Total	-	(257,961)	(26,639)	(184,768)	(469,368)
<b>Carrying amount</b>					
30 June 2016	1	800	1	-	802
30 June 2015	1	36,800	1	-	36,802

The company owns 100% of the issued share capital of Parfett's Employee Trust Limited, a dormant company incorporated in England and Wales.

**14 Stocks**

	2016 £	2015 £
Goods for resale	33,944,072	32,068,590
	33,944,072	32,068,590

No provisions for slow movement and obsolete stock have been included in the statement of financial position.

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

<b>15</b>	<b>Debtors</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>		
	Trade debtors	11,760,618	13,519,926
	VAT	797,759	-
	Corporation tax	5,529	-
	Other debtors	1,011,774	916,902
	Prepayments and accrued income	1,074,450	1,097,375
		<u>14,650,130</u>	<u>15,534,203</u>
<b>16</b>	<b>Creditors: Amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Loans and overdrafts	8,902,798	1,638,436
	Other taxation and social security	224,781	474,832
	Corporation tax	-	150,883
	Trade creditors	42,242,633	41,242,066
	Accruals and deferred income	1,277,014	1,223,476
		<u>52,647,226</u>	<u>44,729,693</u>
<p>The company has a bank overdraft facility which is secured by a debenture on all company's assets. The bank loan is also secured by a debenture on all company's assets.</p>			
<b>17</b>	<b>Creditors: Amounts falling due after more than one year</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Loans	4,166,610	9,095,724
	Loan notes	7,638,761	-
		<u>11,805,371</u>	<u>9,095,724</u>
<b>18</b>	<b>Financial instruments</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	13,575,680	14,436,828
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	62,977,118	51,976,226



**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

19	<b>Borrowings</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
	Bank loans	9,095,724	10,734,160
	Loan notes	11,612,445	-
		<u>20,708,169</u>	<u>10,734,160</u>
	Payable within one year	8,902,798	1,638,436
	Payable after one year	11,805,371	9,095,724
		<u>20,708,169</u>	<u>10,734,160</u>
	Amounts included above which fall due after five years:		
	Payable by instalments	1,309,506	2,023,782
		<u>1,309,506</u>	<u>2,023,782</u>

The bank loan is repayable by variable monthly instalments over a period of 14 years commencing April 2009. The first tranche of £10,000,000 is a fixed rate of 5.8% for 6.4 years from November 2010. The second tranche of £10,000,000 is at interest rate of 1.4% above base for 1 year followed by 1.5% above the base for the remainder of the term.

The bank loan is secured against all the company's assets.

The loan notes do not accrue any interest however they have been discounted at the company's commercial borrowing rate. Further details of the loan notes can be found in note 24.

20	<b>Provisions for liabilities</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
	Deferred tax liabilities	2,382,093	2,674,074
		<u>2,382,093</u>	<u>2,674,074</u>

21	<b>Deferred taxation</b>	<b>Total</b> <b>£</b>
	1 July 2015	2,674,074
	Credit in year	(291,981)
		<u>2,382,093</u>
	30 June 2016	<u>2,382,093</u>

The major deferred tax liabilities recognised are:

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Deferred tax liabilities:		
Accelerated capital allowances	545,465	614,770
Other short timing differences	(28,200)	(35,912)
Capital gains	1,864,828	2,095,216
	<u>2,382,093</u>	<u>2,674,074</u>
Total	<u>2,382,093</u>	<u>2,674,074</u>

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**22 Share capital**

**50,000 ordinary  
shares of £1 each**  
£

**Authorised:**

1 July 2015 50,000

30 June 2016 50,000

**Allotted, issued and fully paid:**

1 July 2015 20,000

30 June 2016 20,000

**23 Operating lease commitments**

**Lessee:**

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

	<b>2016</b>	<b>2015</b>
	£	£
Within one year	206,784	177,519
Between one and five years	221,597	251,798
After five years	-	-
	<u>428,381</u>	<u>429,317</u>

**24 Related party transactions**

**Remuneration of key management personnel**

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

	<b>2016</b>	<b>2015</b>
	£	£
Aggregate compensation	<u>1,003,755</u>	<u>1,001,774</u>

**Transactions with related parties**

The company has taken advantage of the exemption available under Section 33 of FRS 102, allowing nondisclosure of transactions between group undertakings which are wholly owned.

D Grimes and G Suszczenia have guaranteed certain of the company's third party liabilities since 1st October 2013. At the year end these amounted to £13,646,452 (2015 £12,476,933).

During the year the following loans were made to directors, a loan of £50,000 was made to S Parfett on the 1<sup>st</sup> of September 2015 and repaid in full on the 9<sup>th</sup> of September 2015, and a loan of £73,127 was made to G Suszczenia on the 2<sup>nd</sup> of September 2015 and was repaid in full on 1<sup>st</sup> December 2015.

During the year, a number of existing shareholders (who were also directors) of the company sold their shares to the Parfett's Employee Ownership Trust, as detailed in note 25. The fair value of the consideration received was £4,148,873 in the form of cash and £11,460,143 in the format of loan notes. The balance of the loan notes as at 30<sup>th</sup> June 2016 was £11,612,445 (2015:£nil) and these are due for repayment in full by 31<sup>st</sup> October 2018.

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**25 Own shares held by employee ownership trust**

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Employee Ownership Trust	35,689,771	20,000,000

On 4<sup>th</sup> April 2008, the Parfett's Employee Ownership Trust purchased 11,000 £1 ordinary shares of the company's issued shares. These shares are included in the company's financial statements. On 4<sup>th</sup> April 2014 a further 1,732 shares were transferred to the Parfett's Employee Ownership Trust for no consideration. On 20<sup>th</sup> November 2015 the remaining 7,268 shares were purchased by the Parfett's Employee Ownership Trust for fair value of £15,609,016 plus directly attributable acquisition costs of £80,755..

**26 Capital commitments**

Capital expenditure commitments (authorised and contracted) at 30 June 2016 was £87,723 (2015: £38,214).

**27 Pension**

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £597,798 (2015: £693,551).

**28 Controlling party**

As of 20<sup>th</sup> November 2015, Parfett's Employee Ownership Trust is the owner of 100% of the ordinary shares of the company and is the controlling party at 30<sup>th</sup> June 2016. In the opinion of the directors, there is no single relationship party.

**29 Cash generated from operations**

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Profit for the year	1,536,810	1,803,363
<b>Adjustments for:</b>		
Income tax expense recognised in profit or loss	182,031	555,932
Finance costs recognised in profit or loss	426,543	339,857
Investment income recognised in profit or loss	(124,919)	(184,282)
Profit on disposal of tangible fixed assets	(1,098)	(498)
Amortisation and impairment of intangible assets	40,631	40,631
Depreciation and impairment of tangible fixed assets	1,014,910	1,015,633
	<u>3,074,908</u>	<u>3,570,636</u>
<b>Operating cash flows before movements in working capital</b>		
Increase in stock	(1,875,482)	(2,662,746)
Decrease in trade and other debtors	889,602	2,082,408
Increase/(decrease) in trade and other creditors	804,054	(293,337)
	<u>2,893,082</u>	<u>2,696,961</u>
Cash generated from operations	<u>2,893,082</u>	<u>2,696,961</u>

**30 Exceptional costs**

During the year, there was a restructuring and centralisation of the group buying function. Related to this restructuring were one time redundancy costs of £445,583. In addition to these redundancy costs were £47,500 of bank charges and £110,750 of legal costs relating to the purchase of the remaining shares in the company by the Parfett's Employee Ownership Trust.

**A G PARFETT & SONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**31 Reserves**

Reserves of the company represent the following:

*Profit and loss reserves*

Cumulative profit and loss net of distributions to members.

*Revaluation reserve*

The cumulative revaluation gains and losses in respect of land and buildings except revaluation gains and losses recognised in profit and loss.