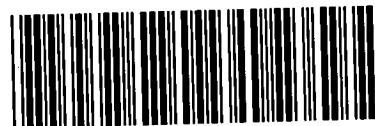


A G PARFETT & SONS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2018

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COMPANIES HOUSE

A G PARFETT & SONS LIMITED

COMPANY INFORMATION

Directors	Alan Godfrey Parfett Patricia Marian Parfett Stephen Parfett Barbara Anne Ashcroft Patricia Ann Parfett Judith Marian Parfett David Grimes Gregory Suszczenia Andrew Whitworth
Secretary	David Grimes
Company number	01472970
Registered office	Didsbury Road Stockport Cheshire SK4 2JP
Auditors	RSM UK AUDIT LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
Bankers	Lloyds Bank Plc 40 Spring Gardens Manchester M2 1EN Santander UK Plc Bridle Road Bootle Merseyside L30 4GB
Solicitors	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 2018

The directors present the strategic report and financial statements for the year ended 30 June 2018.

Fair review of the business

We are delighted with the results for the year ended June 2018. It has been another record year for both Turnover and Operating Profit. Turnover has increased from £324 million to £346 million (up 6.8%) and profit on ordinary activities before taxation increased from £3.3 million to £5.1million. The introduction of the Alcohol Wholesale Registration Scheme which has reduced the supply of illicit alcohol has again been a major boost for our business and customers have continued to move back to traditional wholesalers like ourselves. We have also benefitted from the demise of two of our competitors, namely Palmer & Harvey and Conviviality. The significant improvements and investments we have been making in our own depots are also continuing to pay dividends.

Our Go Local retail club continues to go from strength to strength, helping our retailers to deal with tough trading conditions and intense competition. The number of Go Local members has risen to 2,673 (2017:2,288) and 376 (2017: 306) 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 trading performance through our Employee Ownership Bonus Scheme. This year the growth in turnover and profitability has led to bonuses of at least 8% being awarded to all staff with a minimum 12 month's service (2017: 6.03%).

Cash and cash equivalents have increased by nearly £5m during the financial year, and the company has, over the same time period, made capital repayments to the bank of over £1.9m.

During the year the company purchased a depot in Middlesbrough from one of our competitors for £800k. This acquisition is a welcome addition which further extends our reach in the North of England offering a foothold into a new county too far away to be accessed by our existing estate. In line with our policy of continually enhancing and upgrading our facilities we have incurred further capital expenditure of £1.32m in replacing plant and equipment and in investing in customer focussed areas of our business. All this allows greater customer engagement and reflects our commitment to working closely with our customers.

Key Performance Indicators

The directors constantly review the group's progress via a number of key performance indicators as follows:

	2018	2017
Wholesale Sales	£341,934,534	£319,729,923
UK Wholesale Sales	£338,491,174	£315,966,932
Retail Sales	£4,095,938	£4,229,195
Wholesale Gross Margins	£23,566,288	£20,526,886
Employee Numbers	560	558

The main reason for the increased sales and gross margin in the year is an increase in volumes of goods sold.

The Directors are focused on these key KPI's of the business. Other important indicators are sales by depot, sales by department, departmental gross profit margins, depot staff costs, stock control, stock availability and online order fulfilment. Each week these KPI's are measured and reviewed by the management team at the depots and they are normally joined by a director for this meeting.

Other key non-financial measures are health and safety, customer satisfaction and supplier relationships.

Overall the business continues to trade very well 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 a key part of our strategy. We are on track in the coming year to exceed our target of 3,000 retailers participating in the promotion, with 450 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, continues to grow and is making a significant contribution to company turnover and in June 2018 we extended this service to our Somercotes branch.

A G PARFETT & SONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

Principal risks and uncertainties

The introduction of the Alcohol Wholesale Registration Scheme has reduced the supply of illicit alcohol and in turn had a beneficial effect on our business overall. A rigorous enforcement approach from HMRC is essential for this positive effect on our business to be sustained.

The markets in which the company operates are highly competitive and there is a constant pressure on both sales and margins. The Tesco purchase of Booker will increase the commercial pressures on the wholesale sector and this makes it more important than ever that we continue to offer our customers excellent service, range and availability.

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.

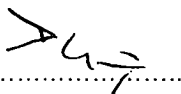
The company finances its operations through retained profits and borrowings, including loan notes. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The company's floating rate facility is offset against its credit balances.

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



David Grimes
Company Secretary and Director

9-10-18

A G PARFETT & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and financial statements for the year ended 30 June 2018.

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 Marian Parfett
David Grimes
Gregory Suszczenia
Andrew Whitworth

Results and dividends

The profit for the year after taxation was £4,046,036 (2017: £2,670,978). No interim dividend (2017: £nil) was paid. No final dividend (2017: £nil) was paid. The profit of £4,046,036 (2017: £2,670,978) 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 £9,568 (2017: £9,300) 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).

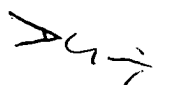
Auditor

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

9-10-18

A G PARFETT & SONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show 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

Opinion

We have audited the financial statements of AG Parfett & Sons Limited (the 'company') for the year ended 30th June 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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.

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

Matters on which we are required to report by exception

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 and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of this report

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

Date:

11-10-18

A G PARFETT & SONS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 £	2017 £
Turnover	3	346,030,472	323,959,118
Cost of sales		(321,603,015)	(302,511,650)
Gross profit		24,427,457	21,447,468
Administrative expenses		(19,776,524)	(18,028,262)
Other operating income		126,049	116,789
Operating profit		4,776,982	3,535,995
Interest receivable and similar income	8	24,041	19,456
Interest payable and similar charges	9	(229,688)	(379,675)
Dividend income		479,010	89,743
Profit on ordinary activities before taxation		5,050,345	3,265,519
Taxation	10	(1,004,309)	(594,541)
Profit for the financial year		4,046,036	2,670,978
Total comprehensive income for the year		4,046,036	2,670,978

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 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	11	408,887	449,515
Tangible assets	12	26,935,600	25,925,630
Investments	13	175	2
		<u>27,344,662</u>	<u>26,375,147</u>
Current assets			
Stocks	14	36,365,979	35,167,589
Debtors	15	14,895,293	12,743,163
Cash at bank and in hand		14,940,454	9,984,917
		<u>66,201,726</u>	<u>57,895,669</u>
Creditors: amounts falling due within one year	16	(61,797,451)	(46,866,455)
Net current assets		<u>4,404,275</u>	<u>11,029,214</u>
Total assets less current liabilities		<u>31,748,937</u>	<u>37,404,361</u>
Creditors: Amounts falling due after more than one year	17	(3,560,302)	(13,266,119)
Provisions for liabilities	20	(2,220,629)	(2,216,272)
Net assets		<u>25,968,006</u>	<u>21,921,970</u>
Capital and reserves			
Called up share capital	22	24,000	24,000
Share premium account	30	103,688	103,688
Own shares held by Employee Ownership Trust	25	(35,689,771)	(35,689,771)
Revaluation reserve	30	8,257,345	8,376,337
Profit and loss reserves	30	53,272,744	49,107,716
Total equity		<u>25,968,006</u>	<u>21,921,970</u>

The financial statements were approved by the board of directors and authorised for issue on 9th October 2018 and are signed on its behalf by:

David Grimes
Director

Gregory Suszczenia
Director

A G PARFETT & SONS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Share capital	Share premium account	Own shares held by Employee Ownership Trust	Revaluation reserve	Profit and loss reserves	Total
Balance at 1 July 2016	20,000	-	(35,689,771)	10,360,157	44,452,918	19,143,304
Profit for the year	-	-	-	-	2,670,978	2,670,978
Total comprehensive income for the year	-	-	-	-	2,670,978	2,670,978
Transfer in respect of depreciation on revalued buildings	-	-	-	(1,983,820)	1,983,820	-
Shares issued	4,000	103,688	-	-	-	107,688
Balance at 30 June 2017	24,000	103,688	(35,689,771)	8,376,337	49,107,716	21,921,970
Balance at 1 July 2017	24,000	103,688	(35,689,771)	8,376,337	49,107,716	21,921,970
Profit for the year	-	-	-	-	4,046,036	4,046,036
Total comprehensive income for the year	-	-	-	-	4,046,036	4,046,036
Transfer in respect of depreciation on revalued buildings	-	-	-	(118,992)	118,992	-
Balance at 30 June 2018	24,000	103,688	(35,689,771)	8,257,345	53,272,744	25,698,006

A G PARFETT & SONS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	29	9,289,196	6,222,559
Interest paid		(73,857)	(200,579)
Income taxes paid		(801,467)	(344,000)
Net cash from operating activities		8,413,872	5,677,980
Investing activities			
Purchase of tangible fixed assets		(2,122,954)	(800,786)
Purchase of intangible assets		(3)	-
Purchase of investments		(173)	-
Proceeds on disposal of tangible fixed assets		270	4,292
Cash inflow from repayment of investment loans and receivables		42,000	44,599
Interest received		24,041	19,456
Dividends received		479,010	89,743
Net cash used in investing activities		(1,577,809)	(642,696)
Financing activities			
Repayment of bank loans		(1,914,276)	(1,706,870)
Repayment of loan notes		-	(4,000,000)
Decrease / (Increase) in Director's Loan Accounts		33,750	(167,688)
Issue of new shares		-	107,688
Net cash used in financing activities		(1,880,526)	(5,766,870)
Net decrease in cash and cash equivalents		4,955,537	(731,586)
Cash and cash equivalents at beginning of year		9,984,917	10,716,503
Cash and cash equivalents at end of year		14,940,454	9,984,917
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		14,940,454	9,984,917
		14,940,454	9,984,917

A G PARFETT & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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.

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 difficulties but should we do so we are confident we could adjust costs accordingly.

The company has an agreed 12 months banking facility, which was due for renewal 31 March 2018 and due to the strong relationship with their bankers has continued beyond that date.

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.

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.

A G PARFETT & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies (continued)

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
--------------------	--------------------

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 2018

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 2018

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 are measured at cost less impairment.

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.

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 interest 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.

A G PARFETT & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies (continued)

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.

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.

A G PARFETT & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies (continued)

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.

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.

In making decisions regarding the depreciation of tangible fixed assets, management must estimate the useful life of said assets to the business. A change in estimate would result in a change in the depreciation charged to the statement of total comprehensive income in each year.

A G PARFETT & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

3 Turnover

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

	2018 £	2017 £
Class of business		
Sale of goods	346,030,472	323,959,118
	<u>346,030,472</u>	<u>323,959,118</u>

Turnover analysed by geographical market

	2018 £	2017 £
UK	342,587,112	320,196,127
Europe	2,471,543	2,426,698
Rest of the world	971,817	1,336,293
	<u>346,030,472</u>	<u>323,959,118</u>

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	34,753	35,956
- tax compliance	7,100	7,480
- corporate finance advice	6,500	-
Depreciation of owned tangible fixed assets	1,111,962	1,049,118
Loss /(Profit) on disposal of tangible fixed assets	752	(1,912)
Amounts written back on investment	(42,000)	(43,799)
Amortisation of intangible assets	40,631	40,630
Cost of stocks recognised as an expense	321,603,015	302,511,650
Operating lease charges	225,540	197,300
	<u>321,603,015</u>	<u>302,511,650</u>

5 Auditor's remuneration

Fees payable to the company's auditor :

For audit services:		
Audit of the company's financial statements	34,753	35,956
For other services:		
Taxation compliance services	7,100	7,480
Corporate finance advice	6,500	-

A G PARFETT & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

6 Employees

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

	2018	2017
	No	No
Management and administration	111	110
Warehouse and sales	449	448
	<u>560</u>	<u>558</u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	12,706,218	11,318,385
Social security costs	1,044,362	840,335
Pension costs	601,488	623,364
	<u>14,352,068</u>	<u>12,782,084</u>

7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	903,891	849,148
Company contributions to defined contribution pension schemes	38,195	37,965
	<u>942,086</u>	<u>887,113</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes are nil (2017 - nil).

The number of directors for whom retirement benefits are accruing under defined contribution schemes are 3 (2017 - 3).

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

	2018	2017
	£	£
Remuneration	362,024	340,847
Company contributions to defined contribution pension schemes	10,000	10,000
	<u>372,024</u>	<u>350,847</u>

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on loans	24,041	19,456
	<u>24,041</u>	<u>19,456</u>

A G PARFETT & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

9	Interest payable and similar charges	2018 £	2017 £
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	73,857	200,579
	Interest on loan notes	155,831	179,096
		<hr/>	<hr/>
	Total finance costs	229,688	379,675
		<hr/>	<hr/>

10	Taxation	2018 £	2017 £
	Current tax		
	UK corporation tax on profits for the current period	1,000,029	778,366
	Adjustments in respect of prior periods	(77)	(18,004)
		<hr/>	<hr/>
	Total current tax	999,952	760,362
		<hr/>	<hr/>
	Deferred tax		
	Origination and reversal of timing differences	4,357	(41,991)
	Capital gains and losses	-	(123,830)
		<hr/>	<hr/>
	Total deferred tax	4,357	(165,821)
		<hr/>	<hr/>
	Total tax charge	1,004,309	594,541
		<hr/>	<hr/>

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

	2018 £	2017 £
Profit before taxation	5,050,345	3,265,519
	<hr/>	<hr/>
Expected tax charge based on a corporation tax rate of 19% (2017:19.75%)	959,565	644,932
Tax effect of expenses that are not deductible in determining taxable profit	46,660	56,238
Franked investment income	(98,992)	(17,724)
Income not taxable		(8,651)
Other differences	(326)	(339)
Adjustments in respect of prior years	(77)	(18,004)
Capital allowances in excess of depreciation	126,226	88,512
Chargeable losses	(28,347)	(23,502)
Other movements in deferred tax provision	(400)	(126,921)
	<hr/>	<hr/>
Tax expense for the year	1,004,309	594,541
	<hr/>	<hr/>

Factors affecting future tax charges

The main rate of corporation tax will be reduced to 19% for financial years starting on 1 April 2017 and then to 17% from 1 April 2020, thus the 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 2018

11 Intangible fixed assets

	Goodwill
	£
Cost	
As at 1 July 2017	1,925,315
Additions in the year	3
	<hr/>
As at 30 th June 2018	1,925,318
	<hr/>
Amortisation and impairment	
As at 1 July 2017	1,475,800
Charge for the year	40,631
	<hr/>
As at 30 June 2018	1,516,431
	<hr/>
Carrying amount	
As at 30 June 2018	408,887
	<hr/>
As at 30 June 2017	449,515
	<hr/>

A G PARFETT & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

12 Tangible fixed assets

	Freehold land and buildings £	Plant, machinery, fixtures and fittings £	Motor vehicles £	Leasehold land and buildings £	Total £
Cost					
As at 1 July 2017	27,076,125	16,311,831	69,684	303,971	43,761,611
Additions	1,038,483	1,081,210	1	3,260	2,122,954
Disposals	-	-	(5,745)	-	(5,745)
As at 30 June 2018	28,114,608	17,393,041	63,940	307,231	45,878,820
Depreciation and impairment					
Depreciation charged in the year	3,757,339	13,930,279	64,035	84,328	17,835,981
Disposals	482,518	612,925	1,158	15,361	1,111,962
	-	-	(4,723)	-	(4,723)
As at 30 June 2018	4,239,857	14,543,204	60,470	99,689	18,943,220
Carrying amount					
30 June 2018	23,874,751	2,849,837	3,470	207,542	26,935,600
30 June 2017	23,318,786	2,381,552	5,649	219,643	25,925,630

Included within Freehold land and buildings is land at a valuation of £3,119,542 (2017: £3,119,542) which is not depreciated.

A valuation of freehold land and buildings was carried out on the basis of Market Value on 16th 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:

	£
Cost	
As at 1 July 2017	19,726,388
Additions	1,038,483
As at 30 June 2018	20,764,871
Cumulative depreciation based on costs:	
As at 1 July 2017	5,939,644
As at 30 June 2018	6,303,170

A G PARFETT & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13 Fixed asset investments

	Subsidiary undertaking £	Other investment loan £	Other investment shares £	Investment in Enterprise Zone Trust £	Total £
Cost or valuation					
As at 1 July 2017	1	214,162	26,640	184,768	425,571
Additions in the year	-	-	173	-	173
Repayment received in the year	-	(42,000)	-	-	(42,000)
As at 30 June 2018	1	172,162	26,813	184,768	383,644
Provisions					
As at 1 July 2017	-	(214,162)	(26,639)	(184,768)	(425,569)
Reversal of provisions	-	42,000	-	-	42,000
As at 30 June 2018	-	(172,162)	(26,639)	(184,768)	383,569
Carrying amount					
30 June 2018	1	-	174	-	175
30 June 2017	1	-	1	-	2

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

	2018 £	2017 £
Goods for resale	36,365,979	35,167,589
	36,365,979	35,167,589

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 2018

15	Debtors	2018	2017
		£	£
	Amounts falling due within one year:		
	Trade debtors	13,665,388	11,089,252
	VAT	-	295,729
	Other debtors	566,305	584,930
	Prepayments and accrued income	663,600	773,252
		<u>14,895,293</u>	<u>12,743,163</u>

16	Creditors: Amounts falling due within one year	2018	2017
		£	£
	Loan Notes	7,947,372	-
	Loans and overdrafts	1,914,276	1,914,276
	Other taxation and social security	577,497	262,734
	Corporation tax	609,318	410,833
	Trade creditors	47,235,117	42,846,405
	Accruals and deferred income	3,513,871	1,432,207
		<u>61,797,451</u>	<u>46,866,455</u>

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.

17	Creditors: Amounts falling due after more than one year	2018	2017
		£	£
	Loans	3,560,302	5,474,578
	Loan notes	-	7,791,541
		<u>3,560,302</u>	<u>13,266,119</u>

18	Financial instruments	2018	2017
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	14,231,963	11,969,911
	Carrying amount of financial liabilities		
	Measured at amortised cost	60,657,067	58,026,800

A G PARFETT & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

19	Borrowings	2018 £	2017 £
	Bank loans	5,474,578	7,388,854
	Loan notes	7,947,372	7,791,541
		<u>13,421,950</u>	<u>15,180,395</u>
	Payable within one year	9,861,648	1,914,276
	Payable after one year	3,560,302	13,266,119
	Amounts included above which fall due after five years: Payable by instalments	<u>-</u>	<u>595,230</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 at an interest rate of 1.4% above base. The second tranche of £10,000,000 is at an 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	Provisions for liabilities	2018 £	2017 £
	Deferred tax liabilities	2,220,629	2,216,272
		<u>2,220,629</u>	<u>2,216,272</u>

21	Deferred taxation	Total £
	1 July 2017	2,216,272
	Debit in year	4,357
	30 June 2018	<u>2,220,629</u>

The major deferred tax liabilities recognised are:

Deferred tax liabilities:	2018 £	2017 £
Accelerated capital allowances	538,617	505,533
Other short timing differences	(33,623)	(30,259)
Capital gains	1,715,635	1,740,998
Total	<u>2,220,629</u>	<u>2,216,272</u>

A G PARFETT & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

22 Share capital

	Ordinary shares of £1 each £
Authorised:	
50,000 Ordinary shares 1 July 2017	50,000
4,000 Ordinary "A" Class Shares 1 July 2017	4,000
30 June 2018	<u>54,000</u>
Allotted, issued and fully paid:	
Ordinary Shares 1 July 2017	24,000
Ordinary "A" Class Shares 1 st July 2017	4,000
30 June 2018	<u><u>24,000</u></u>

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:

	2018 £	2017 £
Within one year	181,605	173,175
Between one and five years	298,863	180,529
After five years	-	-
	<u>480,468</u>	<u>353,704</u>

24 Related party transactions

Remuneration of key management personnel

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

	2018 £	2017 £
Aggregate compensation	<u>1,058,626</u>	<u>993,027</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 £12,633,848 (2017 £12,946,652).

A loan of £60,000 was made to G Suszczenia on the 10th March 2017 and was outstanding on 30th June 2017. During the year repayments totalling £33,750 have been made and the balance outstanding as of 30th June 2018 is £26,250.

A G PARFETT & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

24 Related party transactions (continued)

A further loan of £53,844 was made to G Suszczenia on 14th June 2017 and remains outstanding at 30th June 2018. A loan of £53,844 was made to D Grimes on 14th June 2017 and remains outstanding at 30th June 2018.

In November 2015 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 form of loan notes. The balance of the loan notes as at 30th June 2018 was £7,947,372 (2017:£7,791,541), these are due for repayment in full by on completion of bank refinancing.

25 Own shares held by employee ownership trust

	2018 £	2017 £
Employee Ownership Trust	35,689,771	35,689,771

On 4th 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 4th April 2014 a further 1,732 shares were transferred to the Parfett's Employee Ownership Trust for no consideration. On 20th 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 2018 was £96,947 (2017: £85,586).

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 £601,488 (2017: £623,364). As of 30 June 2018 employer contributions of £87,733 were outstanding.

28 Controlling party

As of 20th 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 30th June 2018. 2,000 Ordinary "A" Class are held by D Grimes and 2,000 Ordinary "A" Class are held by G Suszczenia. In the opinion of the directors, there is no single controlling party.

A G PARFETT & SONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

29 Cash generated from operations

	2018	2017
	£	£
Profit for the year	4,046,036	2,670,978
Adjustments for:		
Income tax expense recognised in profit or loss	1,004,309	594,541
Finance costs recognised in profit or loss	229,688	379,675
Investment income recognised in profit or loss	(503,051)	(109,199)
Loss /(Profit) on disposal of tangible fixed assets	752	(1,912)
Reversal of provision on investments	(42,000)	(43,799)
Amortisation and impairment of intangible assets	40,631	40,630
Depreciation and impairment of tangible fixed assets	1,111,962	1,049,118
	<u>5,888,327</u>	<u>4,580,032</u>
Operating cash flows before movements in working capital		
Increase in stock	(1,198,390)	(1,223,517)
(Increase) /Decrease in trade and other debtors	(2,185,880)	2,069,126
Increase in trade and other creditors	6,785,139	796,918
	<u>9,289,196</u>	<u>6,222,559</u>
Cash generated from operations	<u>9,289,196</u>	<u>6,222,559</u>

30 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.

Share premium

The premium paid over nominal value on issued share capital of the company.