REGISTERED NUMBER: 01528315 (England and Wales)

# STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

# AUDITED FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 29 FEBRUARY 2016

# FOR

# GERRARDS (PRECIOUS METALS) LIMITED

# CONTENTS OF THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 29 FEBRUARY 2016

# COMPANY INFORMATION
# FOR THE YEAR ENDED 29 FEBRUARY 2016

| | |
|---|---|
| **DIRECTORS:** | L M Collins<br>S R Collins<br>J S Collins |
| **SECRETARY:** | S R Collins |
| **REGISTERED OFFICE:** | 63-66 Hatton Garden<br>LONDON<br>EC1N 8LE |
| **REGISTERED NUMBER:** | 01528315 (England and Wales) |
| **AUDITORS:** | KBSP Partners LLP<br>Chartered Accountants<br>Statutory Auditors<br>Harben House<br>Harben Parade<br>Finchley Road<br>LONDON<br>NW3 6LH |

## STRATEGIC REPORT
## FOR THE YEAR ENDED 29 FEBRUARY 2016

The directors present their strategic report for the year ended 29 February 2016.

**PRINCIPAL ACTIVITY**
The principal activities of the company in the year under review remained those of buying, selling, refining, manufacturing, processing, melting and assaying of precious metals.

**REVIEW OF BUSINESS**
The Company performed relatively well in 2016 despite the continued difficult environment for the precious metals industry in a year which saw sustained pressure on gross margins, combined with an extremely competitive market place. However, despite the overall difficult market conditions, turnover increased in 2016 to £34.4 million, a £1.7 million (5.2%) increase from the previous year.

The increase in turnover is attributed to higher value and lower margin business in 2016, resulting in an associated drop in the gross profit margin, which fell from 6% in the previous year to 5% in the current year.

Administrative expenses fell by £276,182 in 2016 which is mainly attributed to reduction in directors' remuneration together with a net gain in foreign exchange movement during the year. The company made a profit after tax during the year totalling £906,318 (2015: £781,255) which also includes £84,000 (2015: £Nil) of unrealised fair value gains on various fixed asset investments.

The Company's year-end cash and bank balances have reduced by £2.7 million over the year to £6.65 million. This represents mainly the dividends of £2.5 million paid during the year to ultimate parent company The Lawrence Group Limited. The payment of this dividend has also resulted in the reduction of company's retained earnings by £1.7 million reducing the total net assets of the company to £1.4 million as compared to £3 million declared last year.

Stock held at the year end has increased by 20% as compared to last year and is in line with the increased turnover of the company. This also represents the company's efforts to offer a larger range of bullion products. Both trade debtor and creditor positions have similarly increased.

**PRINCIPAL RISKS AND UNCERTAINTIES**
The principal risks associated with the company include fluctuations in metal prices while the other risks faced by the company include credit, liquidity and foreign currency and interest rate risks. The company adopts suitable strategies to ensure that each risk is effectively mitigated, as explained below:

Market price risk
Market price risk arises mainly from uncertainty about future prices of precious metals traded by the Company. It represents the potential loss the Company might suffer through price fixing in the face of the metal price movements. The directors constantly monitor the price of all the metals traded by the Company on a real-time basis, which makes sure that the company is exposed to a minimum market price risk.

Credit risk
The management monitor credit risk closely and consider that its current policies and procedures meets its objectives of managing exposure to credit risk. All the customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary. The company has no significant concentrations of credit risk.

Liquidity risk
The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk
Foreign currency risk arises from trading with overseas companies, but since all of the Company's transactions are mainly receivable or payable in sterling, US dollar and Swiss Franc, the Company is not exposed to any material currency risk.

Interest rate risk
Interest rate risk arises in respect of the Company's bank loans and overdrafts. As at 29 February 2016, the Company's loans carried a variable rate of interest of 2.51% over the Bank's Base Rate. The directors do not consider that the Company's trading performance is likely to be materially affected by the interest rate fluctuations within the next twelve months.

## STRATEGIC REPORT
## FOR THE YEAR ENDED 29 FEBRUARY 2016

**FINANCIAL KEY PERFORMANCE INDICATORS**
The key financial highlights are as follows:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Turnover | **34,402,302** | 32,709,433 |
| Gross profit | **1,753,284** | 1,989,705 |
| Profit before taxation | **1,036,225** | 916,082 |
| Profit after taxation | **906,318** | 781,255 |
| Shareholder funds | **1,472,703** | 3,066,385 |
| Employees | **10** | 11 |

**STRATEGY AND OBJECTIVES**
The Company is committed to strengthening its Balance Sheet, which it will achieve by trading profitably and reinvesting retained profits into the business to generate future growth.

Across the business, the directors continue to look for opportunities and new ideas in the United Kingdom, Europe, United States of America, Africa and the Far East and will continue these efforts in the year ahead. The company is also seeking to expand its trade with new and existing customers and to participate in new markets within the precious metals industry. The Company is constantly reviewing its financial controls and expenditure.

**FUTURE PROSPECTS**
At the date of signing this report, the future prospects of the Company are encouraging. Gross Profit has remained stable to the corresponding period of 2016, the Balance Sheet has retained its value and precious metal prices are higher than the previous couple of years.

The United Kingdom's decision to leave the European Union, along with concerns about global security and run up to the outcome of the US presidential election has seen a slight increase in prices and hence trading volumes over the first half of financial year ending 28 February 2017. It is hoped these volumes will continue throughout the second half of 2017.

**ON BEHALF OF THE BOARD:**

........................................................................
S R Collins - Director

Date: 29/11/16

# REPORT OF THE DIRECTORS
# FOR THE YEAR ENDED 29 FEBRUARY 2016

The directors present their report with the financial statements of the company for the year ended 29 February 2016.

**DIVIDENDS**
Interim dividends per share were paid as follows:

| | | |
|---|---|---|
| 'A' Ordinary £1 shares | £2,500 | - 8 December 2015 |
| 'B' Ordinary £1 shares | £2,500 | - 8 December 2015 |

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 29 February 2016 will be £2,500,000.

**DIRECTORS**
The directors shown below have held office during the whole of the period from 1 March 2015 to the date of this report.

L M Collins
S R Collins
J S Collins

**FINANCIAL INSTRUMENTS AND TREASURY OPERATIONS**
The company's principal financial instruments for the purpose of financing include bank overdrafts, loans and other metal borrowings while other financial assets and liabilities arising directly from operations include trade debtors and creditors. The company does not usually use derivatives financial instruments to hedge risk as they are not deemed significant. The policies of the company in relation to the use of financial instruments are included in the notes 3.13 and 20 to the accounts.

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities, The risk management objectives are included in the strategic report on page 2.

**INDEMNITY INSURANCE**
The Company has taken out third party indemnity insurance on behalf of its directors.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**REPORT OF THE DIRECTORS**
**FOR THE YEAR ENDED 29 FEBRUARY 2016**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**ON BEHALF OF THE BOARD:**

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S R Collins - Director

Date: ......29/11/16......

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GERRARDS (PRECIOUS METALS) LIMITED**

We have audited the financial statements of Gerrards (Precious Metals) Limited for the year ended 29 February 2016 on pages seven to twenty eight. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

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

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

**Opinion on financial statements**
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 29 February 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Strategic Report and the Report of the Directors 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.

KBSP Partners LLP

Julian Landau (Senior Statutory Auditor)
for and on behalf of KBSP Partners LLP
Chartered Accountants
Statutory Auditors
Harben House
Harben Parade
Finchley Road
LONDON
NW3 6LH

Date: 29 November 2016

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 29 FEBRUARY 2016

| | Notes | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|---|---|---|---|---|---|
| **TURNOVER** | 4 | | **34,402,302** | | 32,709,433 |
| Cost of sales | | | **32,649,018** | | 30,719,728 |
| **GROSS PROFIT** | | | **1,753,284** | | 1,989,705 |
| Administrative expenses | | | **849,541** | | 1,125,723 |
| | | | **903,743** | | 863,982 |
| Other operating income | 5 | | **31,860** | | 29,886 |
| **OPERATING PROFIT** | 7 | | **935,603** | | 893,868 |
| Fair value gains on fixed asset investments | | **84,000** | | - | |
| Interest receivable and similar income | 8 | **66,466** | | 60,386 | |
| | | | **150,466** | | 60,386 |
| | | | **1,086,069** | | 954,254 |
| Interest payable and similar charges | 9 | | **49,844** | | 38,172 |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | | **1,036,225** | | 916,082 |
| Tax on profit on ordinary activities | 10 | | **129,907** | | 134,827 |
| **PROFIT FOR THE FINANCIAL YEAR** | | | **906,318** | | 781,255 |
| **OTHER COMPREHENSIVE INCOME** | | | **-** | | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | | **906,318** | | 781,255 |

The notes form part of these financial statements

GERRARDS (PRECIOUS METALS) LIMITED (REGISTERED NUMBER: 01528315)

## BALANCE SHEET
## 29 FEBRUARY 2016

| | | 2016 | | 2015 | |
|---|---|---|---|---|---|
| | Notes | £ | £ | £ | £ |
| **FIXED ASSETS** | | | | | |
| Tangible assets | 12 | | **53,457** | | 65,090 |
| Investment property | 13 | | **445,000** | | 361,000 |
| | | | **498,457** | | 426,090 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 14 | **4,150,831** | | 3,448,473 | |
| Debtors | 15 | **1,532,727** | | 1,333,800 | |
| Cash at bank and in hand | | **6,650,567** | | 9,395,373 | |
| | | **12,334,125** | | 14,177,646 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 16 | **11,339,048** | | 11,531,794 | |
| **NET CURRENT ASSETS** | | | **995,077** | | 2,645,852 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | **1,493,534** | | 3,071,942 |
| **PROVISIONS FOR LIABILITIES** | 21 | | **20,831** | | 5,557 |
| **NET ASSETS** | | | **1,472,703** | | 3,066,385 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 22 | | **1,000** | | 1,000 |
| Non-distributable fair value reserve | 23 | | **315,204** | | 246,478 |
| Retained earnings | 23 | | **1,156,499** | | 2,818,907 |
| **SHAREHOLDERS' FUNDS** | | | **1,472,703** | | 3,066,385 |

The financial statements were authorised for issue by the Board of Directors on 29/11/16 and were signed on its behalf by:

S R Collins - Director

The notes form part of these financial statements

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 29 FEBRUARY 2016

| | Called up share capital £ | Retained earnings £ | Revaluation reserve £ | Non-distributable fair value reserve £ | Total equity £ |
|---|---|---|---|---|---|
| **Balance at 1 March 2014** | 1,000 | 2,032,095 | 252,035 | - | 2,285,130 |
| **Changes in equity** | | | | | |
| Total comprehensive income | - | 786,812 | (252,035) | 246,478 | 781,255 |
| **Balance at 28 February 2015** | 1,000 | 2,818,907 | - | 246,478 | 3,066,385 |
| **Changes in equity** | | | | | |
| Dividends | - | (2,500,000) | - | - | (2,500,000) |
| Total comprehensive income | - | 837,592 | - | 68,726 | 906,318 |
| **Balance at 29 February 2016** | 1,000 | 1,156,499 | - | 315,204 | 1,472,703 |

The notes form part of these financial statements

## CASH FLOW STATEMENT
## FOR THE YEAR ENDED 29 FEBRUARY 2016

| | Notes | 2016 £ | 2015 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 28 | **321,627** | (1,382,466) |
| Interest paid | | **(49,844)** | (38,172) |
| Tax paid | | **(29,727)** | (40,000) |
| Net cash from operating activities | | **242,056** | (1,460,638) |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | | **(179)** | (21,019) |
| Sale of tangible fixed assets | | **-** | 5,500 |
| Interest received | | **66,466** | 60,386 |
| Net cash from investing activities | | **66,287** | 44,867 |
| **Cash flows from financing activities** | | | |
| Equity dividends paid | | **(2,500,000)** | - |
| Net cash from financing activities | | **(2,500,000)** | - |
| **Decrease in cash and cash equivalents** | | **(2,191,657)** | (1,415,771) |
| **Cash and cash equivalents at beginning of year** | 29 | **8,772,632** | 10,188,403 |
| **Cash and cash equivalents at end of year** | 29 | **6,580,975** | 8,772,632 |

The notes form part of these financial statements

## 1. GENERAL INFORMATION

Gerrards (Precious Metals) Limited specialises in buying, selling, refining, manufacturing, processing, melting and assaying precious metals such as Gold, Silver, Platinum, Palladium and Rhodium. Revenue is derived from the subsequent sale of precious metal in various forms.

Gerrards (Precious Metals) Limited is a company limited by shares, incorporated in England and Wales. Its registered office is 63-66 Hatton Garden, London, EC1N 8LE.

## 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. Under the Companies Act 2006 , Section 454 , on a voluntary basis, the directors can amend the financial statements if they subsequently prove to be defective.

## 3. ACCOUNTING POLICIES

### 3.1 Basis of preparing the financial statements

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for the goods and services.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies in note 3.4.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Information on the impact of first-time adoption of FRS 102 is given in note 30.

### 3.2 Going concern

The company meets its day-to -day working capital requirements through careful management of working capital positions. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without any third party support. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

### 3.3 Consolidated financial statements

The company is a wholly owned subsidiary of The Lawrence Group Limited ("TLG") and is included in the consolidated financial statements of TLG which are publicly available at https://beta.companieshouse.gov.uk.



continued...

3. **ACCOUNTING POLICIES - continued**

**3.4 Significant judgements and estimates**
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.

**i) Critical judgement in applying the entity's accounting policies**
(a) Stock valuation basis
As described in note 3.9, the company values stock of precious metals at the lower of cost and estimated selling price less costs to complete and sell. This policy is in accordance with FRS 102, paragraph 13.4 and given the nature of stock, mainly represents the stock being generally valued in accordance with source value from which the precious metal is obtained.

(b) Revenue recognition and financial instruments
The company adopts the revenue recognition and financial instruments policies as noted in note 3.5 and 3.13, and the company does not regard any of its transactions as falling within the scope of section 12 of FRS 102 'Other Financial Instrument Issues'. In particular paragraph 12.5 of this section does not apply. As a result, except where the company's stated policies themselves would result in the netting off of sales and cost of sales, the gross value of sales and purchase transactions are recorded within turnover and cost of sales respectively in these financial statements. The directors believe that this approach is the most appropriate in the company's circumstances, is in accordance with prevailing generally accepted accounting practice and adopting such a policy helps to maintain a consistent understanding for typical users of these accounts.

**ii) Critical accounting estimates and assumptions**
The company makes estimates and assumptions concerning the future. The resulting accounting estimates 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 addressed below.

(a) Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(b) Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors.

(c) Taxation
The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities.



continued...

## 3. ACCOUNTING POLICIES - continued

### 3.5 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:
i) the company has transferred the significant risks and rewards of ownership to the buyer;
ii) the title of the goods has been transferred to the buyer;
iii) the amount of revenue can be measured reliably;
iv) it is probable that the company will receive the consideration due under the transaction;
v) the costs incurred or to be incurred in respect of the transaction can be measure reliably;
vi) when any other specific criteria relating to each of the company's sales types have been met, as described below.

**a) Sale of goods - wholesale**

All of the company's significant sources of revenue derive from the sale of precious metal to its customers. Due to the nature of the industry in which the company operates, the contractual arrangements surrounding certain transactions can be complex. The key elements of these contractual arrangements, which are necessary for an understanding of these financial statements, are explained in more detail below. However, unless as separately described below, the key revenue recognition criteria above shall apply to all transactions.

Similarly, the industry in which the company operates gives rise to significant additional commercial activity associated with the commodities and products that the company sells, for example, bullion brokerage, arbitrage and investment. The company does not participate in such. All of the company's sales derive from metal owned by the company. The company does not seek to earn any revenue from movements in the price of the underlying commodity. The company's stock and trading positions are balanced accordingly to avoid such price exposure.

Sales are made on either an allocated or unallocated basis.

Allocated metal sales
Allocated metal sales involve the physical transfer of specific metal bars and/or coins to a customer or to be set aside and held on behalf of a customer, such metal being uniquely and separately identifiable as belonging to the customer.

Unallocated metal sales
Unallocated metal sales are the sales in which there is often no immediate requirement or desire to transfer the physical metal to the customer, or for such metal to be separately identifiable. Given the nature of the commodity, selling on an unallocated basis is common. Unallocated metal account holders have a general entitlement to metal and are unsecured creditors of the company. In line with industry convention, the company continues to recognise the associated metal within its own stocks.

**b) Sale of goods - retail**

The company also operates a retail operation for the sale of gold and certain related products. Sale of gold and related products are recognised on sale to the customers, which is considered at the point of delivery.

### 3.6 Cost of Sales

Cost of sales represents amounts payable for the purchase of various precious metals and related products. Cost of sales are recognised on the trade date of a transaction.



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3. **ACCOUNTING POLICIES - continued**

**3.7 Tangible fixed assets**
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|---|---|
| Fixtures, fittings & equipment | - 15% on reducing balance |
| Motor vehicles | - 25% on reducing balance |

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

**3.8 Investment property**
In accordance with Section 16 of Investment Properties of FRS 102, investment properties are measured at cost at initial recognition. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as legal, property transfer taxes and other transactions costs.

All investment properties are revalued annually. Any surplus or deficit on revaluation is transferred to the fair value revaluation reserve, except that deficits below original cost, which are expected to be permanent, are charged to the profit and loss account.

Investment property whose fair value can be measured reliably without undue costs or effect have been measured at fair value at each reporting date with changes in fair value recognised in profit and loss.

**3.9 Stocks**
Stocks consist of precious metals held by the company and are valued at the lower of cost and estimated selling price less costs to complete and sell. This policy is in accordance with FRS 102, paragraph 13.4 and given the nature of stock, mainly represents the stock being generally valued in accordance with source value from which the precious metal is obtained. All precious metal which has been purchased and committed to future sales to customers or hedged in metal markets is valued at the price at which it is currently contractually committed or hedged, any remaining metals are valued at year end closing values as published by the London Bullion Market Association (LBMA), an internationally recognised pricing mechanism. Such prices are based on the 'fine' metal benchmark for each type of precious metal, which is similarly internationally recognised. As stocks of precious metals are held in various forms, only the fine metal content is included in stock valuation, all other metal content is ignored as such values would be wholly immaterial.

The company operates allocated and unallocated accounts for its customers. In common with industry practice, stocks held on behalf of unallocated account holders are included within the value of stocks held by the company in the balance sheet.

Post year end diminution in value will only be considered as an indicator of impairment of precious metal stocks to the extent that total precious metal stocks exceed total precious metal liabilities at the Balance Sheet date. In other words, impairment is only considered to the extent the company has a net precious metal stock exposure.



continued...

3. **ACCOUNTING POLICIES - continued**

**3.10 Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

**(i) Current tax**

Current tax is the amount of corporation tax payable in respect of taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

**(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of timing difference.

Deferred tax relating to investment property that is measured at fair value in accordance with Section 16 Investment Property shall be measured using the tax rates and allowances that apply to sale of the asset, except for investment property that has a limited useful life and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

**3.11 Foreign currencies**

**(i) Functional and presentational currency**

The company's functional and presentational currency is Pound Sterling for all years presented.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using spot exchange rates at the date of transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using average exchange rates at the date of transactions, and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

**3.12 Operating lease commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.



continued...

## 3. ACCOUNTING POLICIES - continued

**3.13 Financial instruments**
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**
Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where a transaction is measured at the present vale of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**
Basic financial liabilities, including trade and other payable, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at present value of the future receipts discounted a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3.14 Cash and cash equivalents**
Cash includes cash in hand, deposits held with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

**3.15 Employee benefits**
The company provides a range of benefits to its directors and eligible employees as explained below:

**i) Short term benefits**
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

**ii) Defined contribution pension plans**
The company makes contributions to the personal pension plans of its directors and employees. Once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plans are held separately from the company in independently administered funds.



continued...

3. **ACCOUNTING POLICIES - continued**

**3.16 Dividends**
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**3.17 Interest income**
Interest income is recognised in the statement of comprehensive income using the effective interest method.

**3.18 Finance costs**
Finance costs, which include interest and bank charges, are recognised in the statement of comprehensive income in the period in which they are incurred.

**3.19 Provision for liabilities**
Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**3.20 Share capital**
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as deduction, net of tax, from the proceeds.

**3.21 Transition to FRS 102**
This is first year the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 28 February 2015. The date of transition to FRS 102 was 1 March 2014.

4. **TURNOVER**

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

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

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Sale of precious metals | **34,402,302** | 32,709,433 |
| | **34,402,302** | 32,709,433 |

In the opinion of the directors, the disclosure of revenue by geographical area would be seriously prejudicial to the interests of the company.

5. **OTHER OPERATING INCOME**

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Rents received | **31,803** | 29,600 |
| Sundry receipts | **57** | 286 |
| | **31,860** | 29,886 |



continued...

## 6. STAFF COSTS

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Wages and salaries | **429,392** | 557,652 |
| Social security costs | **62,333** | 71,164 |
| | **491,725** | 628,816 |

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

| | 2016 | 2015 |
|---|---|---|
| Directors | **2** | 2 |
| Sales | **8** | 9 |
| | **10** | 11 |

## 7. OPERATING PROFIT

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

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Other operating leases | **9,250** | 9,250 |
| Depreciation - owned assets | **11,812** | 12,136 |
| Profit on disposal of fixed assets | **-** | (1,347) |
| Audit fees | **10,000** | 11,000 |
| Foreign exchange differences | **(102,794)** | 41,362 |

| | | |
|---|---|---|
| Directors' remuneration | **222,825** | 326,260 |

Key management compensation is the same as directors' remuneration.

Information regarding the highest paid director is as follows:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Emoluments etc | **124,915** | 205,124 |

## 8. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Deposit account interest | **66,466** | 60,386 |

## 9. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Bank interest | **209** | 207 |
| Interest on late tax payment | **99** | - |
| Loan interest | **49,536** | 37,965 |
| | **49,844** | 38,172 |



continued...

## 10. TAXATION

**Analysis of the tax charge**
The tax charge on the profit on ordinary activities for the year was as follows:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Current tax: | | |
| UK corporation tax | **114,633** | 134,827 |
| Deferred tax | **15,274** | - |
| Tax on profit on ordinary activities | **129,907** | 134,827 |

**Reconciliation of total tax charge included in profit and loss**
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Profit on ordinary activities before tax | **1,036,225** | 916,082 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 21%) | **207,245** | 192,377 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **1,507** | 213 |
| Income not taxable for tax purposes | **-** | (283) |
| Depreciation in excess of capital allowances | **1,564** | 742 |
| Group relief | **(79,366)** | (59,305) |
| Tax year apportionment relief | **483** | 1,083 |
| Fair value gain on investments | **(16,800)** | - |
| Deferred tax on fair valuation gain | **15,274** | - |
| Total tax charge | **129,907** | 134,827 |

## 11. DIVIDENDS

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| 'A' Ordinary shares of £1 each | | |
| Interim | **1,625,000** | - |
| 'B' Ordinary shares of £1 each | | |
| Interim | **875,000** | - |
| | **2,500,000** | - |



continued...

## 12. TANGIBLE FIXED ASSETS

| | Fixtures, fittings & equipment £ | Motor vehicles £ | Totals £ |
|---|---|---|---|
| **COST** | | | |
| At 1 March 2015 | 153,259 | 32,804 | 186,063 |
| Additions | 179 | - | 179 |
| At 29 February 2016 | 153,438 | 32,804 | 186,242 |
| **DEPRECIATION** | | | |
| At 1 March 2015 | 108,436 | 12,537 | 120,973 |
| Charge for year | 6,745 | 5,067 | 11,812 |
| At 29 February 2016 | 115,181 | 17,604 | 132,785 |
| **NET BOOK VALUE** | | | |
| At 29 February 2016 | 38,257 | 15,200 | 53,457 |
| At 28 February 2015 | 44,823 | 20,267 | 65,090 |

Investment properties of £361,000 have been reclassified from tangible fixed assets to investment property in note 13 with effect from transitional date of 1 March 2014.

## 13. INVESTMENT PROPERTY

| | Total £ |
|---|---|
| **FAIR VALUE** | |
| At 1 March 2015 | 361,000 |
| Revaluations | 84,000 |
| At 29 February 2016 | 445,000 |
| **NET BOOK VALUE** | |
| At 29 February 2016 | 445,000 |
| At 28 February 2015 | 361,000 |

Cost or valuation at 29 February 2016 is represented by:

| | £ |
|---|---|
| Valuation in 2016 | 84,000 |
| Valuation in 2009 | 161,000 |
| Valuation in 2001 | 91,035 |
| Cost | 108,965 |
| | 445,000 |

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

| | 2016 £ | 2015 £ |
|---|---|---|
| Cost | 108,965 | 108,965 |



continued...

## 13. INVESTMENT PROPERTY - continued

Investment properties are carried at fair values as at the balance sheet date, as determined by the directors. These valuations are made annually based on the properties' highest-and-best-use using the Direct Market Comparison Method which also involves the directors taking advice of relevant commercial and residential property agents, where applicable, in determining the correct open market valuation.

Investment properties are leased to non-related parties under operating leases.

## 14. STOCKS

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Finished goods | **4,150,831** | 3,448,473 |

Stock recognised as an expense during the year were £32,649,018 (2015: £30,719,728).

## 15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Trade debtors | **280,068** | 221,793 |
| Other debtors | **6,800** | 20,736 |
| Amounts owed by group undertakings | **797,427** | 797,427 |
| Corporation tax | **-** | 160,100 |
| VAT | **401,928** | 102,784 |
| Prepayments | **46,504** | 30,960 |
| | **1,532,727** | 1,333,800 |

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

## 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Bank loans and overdrafts (see note 17) | **69,592** | 622,741 |
| Trade creditors | **231,231** | 196,575 |
| Corporation tax | **59,633** | 134,827 |
| Social security and other taxes | **20,707** | 19,167 |
| Other creditors | **32,486** | 261,318 |
| Amounts owed to group undertakings | **10,905,621** | 10,277,716 |
| Accrued expenses | **19,778** | 19,450 |
| | **11,339,048** | 11,531,794 |

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

## 17. LOANS

An analysis of the maturity of loans is given below:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | **69,592** | 622,741 |



continued...

## 18. LEASING AGREEMENTS

The company as lessee:

At the balance sheet date, the company has outstanding commitment for future minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Within one year | **9,250** | 9,250 |

The company as lessor:

At the balance sheet date, the company has contracted with tenants for the following future minimum lease payments:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Within one year | **29,600** | 29,600 |
| Between one and five years | **101,250** | 108,000 |
| In more than five years | **33,750** | 54,000 |

## 19. SECURED DEBTS

The following secured debts are included within creditors:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Bank overdrafts | **69,592** | 622,741 |

Bank overdraft facilities provided to the company are secured by legal charges over the company's investment properties and the debenture and unlimited guarantee held over the assets of the ultimate parent company The Lawrence Group Limited.

## 20. FINANCIAL INSTRUMENTS

The company's principal financial instruments include bank overdrafts, loans and other metal borrowings, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations. The company does not usually use derivatives financial instruments to hedge risk as they are not deemed to be significant.

The company has the following financial instruments:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| **Financial assets** | | |
| Financial assets that are debt instruments at amortised cost | **1,084,295** | 1,039,956 |
| **Financial liabilities** | | |
| Financial liabilities measured at amortised cost | **11,238,931** | 11,358,350 |



continued...

## 21. PROVISIONS FOR LIABILITIES

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Deferred tax | 20,831 | 5,557 |

| | Deferred tax |
|---|---|
| | £ |
| Balance at 1 March 2015 | 5,557 |
| Provided during year | 15,274 |
| Balance at 29 February 2016 | 20,831 |

## 22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2016 £ | 2015 £ |
|---|---|---|---|---|
| 650 | 'A' Ordinary | £1 | 650 | 650 |
| 350 | 'B' Ordinary | £1 | 350 | 350 |
| | | | 1,000 | 1,000 |

These shares have equal voting rights, equal rights to dividends and equal rights on a winding up. These shares are not redeemable.

## 23. RESERVES

| | Retained earnings | Non-distributable fair value reserve | Totals |
|---|---|---|---|
| | £ | £ | £ |
| At 1 March 2015 | 2,818,907 | 246,478 | 3,065,385 |
| Profit for the year | 906,318 | - | 906,318 |
| Dividends | (2,500,000) | - | (2,500,000) |
| Revaluation of investments | (84,000) | 84,000 | - |
| Deferred tax on revaluation | 15,274 | (15,274) | - |
| At 29 February 2016 | 1,156,499 | 315,204 | 1,471,703 |

**Retained earnings**
The retained earnings represents cumulative distributable profits and losses net of dividends and other adjustments.

**Non-distributable fair value reserve**
The non-distributable fair value reserve represents cumulative unrealised gains on revaluation of investment properties less any relevant deferred tax.

## 24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company is The Lawrence Group Limited, a company registered in England and Wales, and controlled throughout the current and previous periods by L M Collins and Mrs J Collins who are the trustees of the various trusts that control 74% of its issued share capital.



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## 25. CONTINGENT LIABILITIES

There is an omnibus guarantee and letter of set-off agreement between the group companies and Lloyds TSB Plc, in respect of group overdrafts, which at 29 February 2016 amounted to £72,109 (2015: £23,231).

## 26. OTHER FINANCIAL COMMITMENTS

As the company recognises its sales and purchases when the title of the actuals goods is transferred, the total net value of various metals which the company has contractually committed to, deliver to the customers and acquire from the suppliers, but has not provided for in the financial statement as at 29 February 2016 is £4,031,736 (2015: £3,268,987). Please find below the detailed breakdown for each of the metals committed:

As at the 29 February 2016, the company was committed to deliver 3,942 ounces (2015: 2,757 ounces) of gold valued at £3,118,588 (2015: £2,270,156), 121,875 ounces (2015: 24,778 ounces) of silver valued at £1,203,498 (2015: £253,288), 365 ounces (2015: 835 ounces) of platinum valued at £213,108 (2015: £660,757) and 5,555 ounces (2015: 3,300 ounces) of palladium valued at £2,594,190 (2015: £1,617,318).

The company was also committed to acquire 480 ounces (2015: 150 ounce) of gold valued at £359,296 (2015: £121,581), 25,400 ounces (2015: Nil) of silver valued at £241,412 ( 2015: £Nil), 160 ounces (2015: Nil) of platinum valued at £92,482 (2015: £Nil), and 4,930 ounces (2015: 2,780 ounces ) of palladium valued at £2,404,458 (2015: £1,410,951).

## 27. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

All amounts due from/(to) related parties are unsecured, repayable on demand and interest free.

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| **Amount due from/(to) related party at balance sheet date** | | |
| The Lawrence Group Limited | **(9,771,565)** | (9,261,151) |
| The Lawrence Group (Properties) Limited | **(535,337)** | (417,847) |
| Lawrence (Hatton Garden)Limited | **(598,719)** | (598,719) |
| Lawrence (Hatton Garden) Finance Limited | **797,427** | 797,427 |
| Planet Street Food Limited | **-** | 13,036 |

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

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Profit for the financial year | **906,318** | 781,255 |
| Depreciation charges | **11,812** | 12,136 |
| Profit on disposal of fixed assets | **-** | (1,347) |
| Finance costs | **49,844** | 38,172 |
| Finance income | **(150,466)** | (60,386) |
| Taxation | **129,907** | 134,827 |
| | **947,415** | 904,657 |
| (Increase)/decrease in stocks | **(702,358)** | 488,138 |
| (Increase)/decrease in trade and other debtors | **(359,027)** | 258,525 |
| Increase/(decrease) in trade and other creditors | **435,597** | (3,033,786) |
| **Cash generated from operations** | **321,627** | (1,382,466) |



continued...

## 29. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 29 February 2016**

| | **29.2.16** | **1.3.15** |
|---|---|---|
| | **£** | **£** |
| Cash and cash equivalents | **6,650,567** | **9,395,373** |
| Bank overdrafts | **(69,592)** | **(622,741)** |
| | **6,580,975** | **8,772,632** |

**Year ended 28 February 2015**

| | 28.2.15 | 1.3.14 |
|---|---|---|
| | £ | £ |
| Cash and cash equivalents | 9,395,373 | 10,371,287 |
| Bank overdrafts | (622,741) | (182,884) |
| | 8,772,632 | 10,188,403 |

## 30. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102, except for deferred tax provision which has reduced the equity and profit and loss by £5,557 at the date of transition.

Investment properties with fair value of £361,000 as at 1 March 2014 have been reclassified from tangible fixed assets to investment property as required under FRS 102. This has no effect on the company's net assets and profit for the year.

## RECONCILIATION OF EQUITY
## 1 MARCH 2014
## (DATE OF TRANSITION TO FRS 102)

| | Notes | UK GAAP £ | Effect of transition to FRS 102 £ | FRS 102 £ |
|---|---|---|---|---|
| **FIXED ASSETS** | | | | |
| Tangible assets | 30 | 421,360 | (361,000) | 60,360 |
| Investment property | 30 | - | 361,000 | 361,000 |
| | | 421,360 | - | 421,360 |
| **CURRENT ASSETS** | | | | |
| Stocks | | 3,936,611 | - | 3,936,611 |
| Debtors | | 1,552,325 | - | 1,552,325 |
| Cash at bank and in hand | | 10,371,287 | - | 10,371,287 |
| | | 15,860,223 | - | 15,860,223 |
| **CREDITORS** | | | | |
| Amounts falling due within one year | | (13,990,896) | - | (13,990,896) |
| **NET CURRENT ASSETS** | | 1,869,327 | - | 1,869,327 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 2,290,687 | - | 2,290,687 |
| **PROVISIONS FOR LIABILITIES** | 30 | - | (5,557) | (5,557) |
| **NET ASSETS** | | 2,290,687 | (5,557) | 2,285,130 |
| **CAPITAL AND RESERVES** | | | | |
| Called up share capital | | 1,000 | - | 1,000 |
| Revaluation reserve | | 252,035 | (252,035) | - |
| Non-distributable fair value reserve | | - | 246,478 | 246,478 |
| Retained earnings | | 2,037,652 | - | 2,037,652 |
| **SHAREHOLDERS' FUNDS** | | 2,290,687 | (5,557) | 2,285,130 |

The notes form part of these financial statements



continued...

## RECONCILIATION OF EQUITY - continued
## 28 FEBRUARY 2015

| | Notes | UK GAAP £ | Effect of transition to FRS 102 £ | FRS 102 £ |
|---|---|---|---|---|
| **FIXED ASSETS** | | | | |
| Tangible assets | 30 | 426,090 | (361,000) | 65,090 |
| Investment property | 30 | - | 361,000 | 361,000 |
| | | 426,090 | - | 426,090 |
| **CURRENT ASSETS** | | | | |
| Stocks | | 3,448,473 | - | 3,448,473 |
| Debtors | | 1,333,800 | - | 1,333,800 |
| Cash at bank and in hand | | 9,395,373 | - | 9,395,373 |
| | | 14,177,646 | - | 14,177,646 |
| **CREDITORS** | | | | |
| Amounts falling due within one year | | (11,531,794) | - | (11,531,794) |
| **NET CURRENT ASSETS** | | 2,645,852 | - | 2,645,852 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 3,071,942 | - | 3,071,942 |
| **PROVISIONS FOR LIABILITIES** | 30 | - | (5,557) | (5,557) |
| **NET ASSETS** | | 3,071,942 | (5,557) | 3,066,385 |
| **CAPITAL AND RESERVES** | | | | |
| Called up share capital | | 1,000 | - | 1,000 |
| Revaluation reserve | | 252,035 | (252,035) | - |
| Non-distributable fair value reserve | | - | 246,478 | 246,478 |
| Retained earnings | | 2,818,907 | - | 2,818,907 |
| **SHAREHOLDERS' FUNDS** | | 3,071,942 | (5,557) | 3,066,385 |

## RECONCILIATION OF PROFIT
## FOR THE YEAR ENDED 28 FEBRUARY 2015

| | UK GAAP £ | Effect of transition to FRS 102 £ | FRS 102 £ |
|---|---|---|---|
| **TURNOVER** | 32,709,433 | - | 32,709,433 |
| Cost of sales | (30,719,728) | - | (30,719,728) |
| **GROSS PROFIT** | 1,989,705 | - | 1,989,705 |
| Administrative expenses | (1,125,723) | - | (1,125,723) |
| Other operating income | 29,886 | - | 29,886 |
| **OPERATING PROFIT** | 893,868 | - | 893,868 |
| Interest receivable and similar income | 60,386 | - | 60,386 |
| Interest payable and similar charges | (38,172) | - | (38,172) |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | 916,082 | - | 916,082 |
| Tax on profit on ordinary activities | (134,827) | - | (134,827) |
| **PROFIT FOR THE FINANCIAL YEAR** | 781,255 | - | 781,255 |