

Company Registration No. 01696899 (England and Wales)

**DENNY BROS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# DENNY BROS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr B D Denny Mr G D Denny Mr C L Hunt Mr S V Jarrold Mr A H Denny
<b>Secretary</b>	Mr A H Denny
<b>Company number</b>	01696899
<b>Registered office</b>	Kempson Way Bury St Edmunds Suffolk IP32 7AR
<b>Auditor</b>	Ensors Accountants LLP Saxon House Moseley's Farm Business Centre Fornham All Saints Bury St Edmunds Suffolk IP28 6JY

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# DENNY BROS LIMITED

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# DENNY BROS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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

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

Turnover has increased yet again and sales continue to be buoyant. The company remains profitable and the directors are confident that it will continue to be so in the future.

The company has continued to invest in capital assets, and the directors consider that adequate finance continues to be available.

### **Principal risks and uncertainties**


The objective of the company is to manage its financial risks as well as its other business risks within parameters agreed and approved by the company's directors.

Credit risk is significant with large values owed to the company at any one time. Debtors are therefore monitored on a daily basis and, if necessary, supply is withheld to induce payment.

The company maintains significant cash assets to enable it to withstand swings in trade and to enable resources to be available to take advantage of future business opportunities, hence cashflow and liquidity risks are minimised.

The directors monitor the performance of the company using a number of key performance indicators, including sales and profitability, cash generated, and customer satisfaction.

By order of the board



Mr A H Denny  
Secretary  
15 September 2017

# DENNY BROS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

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The directors present their annual report and financial statements for the year ended 31 December 2016.

#### Principal activities

The principal activity of the company continued to be that of manufacturing 'Fix-a-Form' products and that of general printers. The review of the business is included within the Strategic Report on page 1.

#### Directors

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

Mr B D Denny  
Mr G D Denny  
Mr C L Hunt  
Mr S V Jarrold  
Mr A H Denny

#### Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £630,000. The directors do not recommend payment of a final dividend.

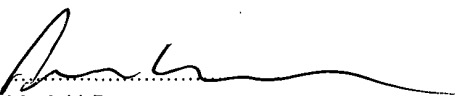
#### Auditor

In accordance with the Company's Articles, a resolution proposing that Ensors Accountants LLP be reappointed as auditors of the company will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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



Mr A H Denny

Secretary

13 September 2017

# **DENNY BROS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2016***

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The directors are responsible for preparing the annual 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;
- 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.

# **DENNY BROS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENNY BROS LIMITED**

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We have audited the financial statements of Denny Bros Limited for the year ended 31 December 2016 set out on pages 6 to 24. 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 FRS 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our 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.

# DENNY BROS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DENNY BROS LIMITED

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### **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 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.

Christopher Barrett (Senior Statutory Auditor)  
for and on behalf of Ensors Accountants LLP

Chartered Accountants  
Statutory Auditor

*28 September 2017*  
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Saxon House  
Moseley's Farm Business Centre  
Fornham All Saints  
Bury St Edmunds  
Suffolk  
IP28 6JY



# DENNY BROS LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Revenue	3	5,482,805	5,117,004
Cost of sales		(2,915,468)	(2,931,358)
<b>Gross profit</b>		<b>2,567,337</b>	<b>2,185,646</b>
Distribution costs		(410,931)	(487,788)
Administrative expenses		(1,356,187)	(1,373,608)
Other operating income		39,209	89,732
<b>Operating profit</b>	4	<b>839,428</b>	<b>413,982</b>
Investment income	8	13,808	36,155
Finance costs	9	(10,056)	(9,868)
<b>Profit before taxation</b>		<b>843,180</b>	<b>440,269</b>
Taxation	10	(151,738)	(90,593)
<b>Profit for the financial year</b>	24	<b>691,442</b>	<b>349,676</b>

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

# DENNY BROS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

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	2016 £	2015 £
Profit for the year	691,442	349,676
Other comprehensive income	-	-
Total comprehensive income for the year	<u>691,442</u>	<u>349,676</u>

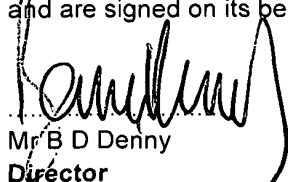
# DENNY BROS LIMITED

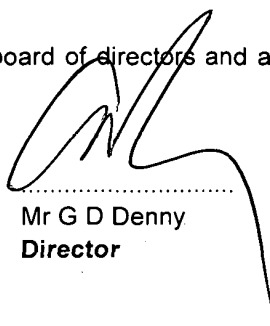
## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Property, plant and equipment	12		1,882,499		2,144,348
<b>Current assets</b>					
Inventories	14	591,688		497,413	
Trade and other receivables	15	1,579,249		1,609,883	
Cash at bank and in hand		3,281,268		2,909,226	
		5,452,205		5,016,522	
<b>Current liabilities</b>	16	(650,716)		(474,902)	
<b>Net current assets</b>			4,801,489		4,541,620
<b>Total assets less current liabilities</b>			6,683,988		6,685,968
<b>Non-current liabilities</b>	17		(7,372)		(43,500)
<b>Provisions for liabilities</b>	19		(160,476)		(187,770)
<b>Net assets</b>			6,516,140		6,454,698
<b>Equity</b>					
Called up share capital	22		100,000		100,000
Share premium account	23		189,222		189,222
Retained earnings	24		6,226,918		6,165,476
<b>Total equity</b>			6,516,140		6,454,698

The financial statements were approved by the board of directors and authorised for issue on 13 September 2017 and are signed on its behalf by:

  
Mr B D Denny  
Director

  
Mr G D Denny  
Director

Company Registration No. 01696899

# DENNY BROS LIMITED

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

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
<b>Balance at 1 January 2015</b>		100,000	189,222	5,815,800	6,105,022
<b>Year ended 31 December 2015:</b>					
Profit and total comprehensive income for the year		-	-	349,676	349,676
<b>Balance at 31 December 2015</b>		100,000	189,222	6,165,476	6,454,698
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	691,442	691,442
Dividends	11	-	-	(630,000)	(630,000)
<b>Balance at 31 December 2016</b>		100,000	189,222	6,226,918	6,516,140

# DENNY BROS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	28	1,354,125		1,035,803	
Interest paid		(10,056)		(9,868)	
Income taxes paid		(23,563)		(24,118)	
<b>Net cash inflow from operating activities</b>		<u>1,320,506</u>		<u>1,001,817</u>	
<b>Investing activities</b>					
Purchase of property, plant and equipment		(225,078)		(839,697)	
Proceeds on disposal of property, plant and equipment		15,107		19,000	
Interest received		13,808		36,155	
<b>Net cash used in investing activities</b>		<u>(196,163)</u>		<u>(784,542)</u>	
<b>Financing activities</b>					
Payment of finance leases obligations		(122,301)		(130,500)	
Dividends paid		(630,000)		-	
<b>Net cash used in financing activities</b>		<u>(752,301)</u>		<u>(130,500)</u>	
<b>Net increase in cash and cash equivalents</b>		<u>372,042</u>		<u>86,775</u>	
Cash and cash equivalents at beginning of year		2,909,226		2,822,451	
<b>Cash and cash equivalents at end of year</b>		<u><u>3,281,268</u></u>		<u><u>2,909,226</u></u>	

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

#### Company information

Denny Bros Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kempson Way, Bury St Edmunds, Suffolk, IP32 7AR.

#### 1.1 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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

The financial statements of the company are consolidated in the financial statements of Denny Bros Holdings Limited. These consolidated financial statements are available from Kempson Way, Bury St Edmunds, Suffolk, IP32 7AR,

#### 1.2 Going concern

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

#### 1.3 Revenue

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade and settlement discounts.

Turnover represents amounts receivable for printing and related services and is recognised upon despatch of the goods.

#### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	4% on cost
Plant and machinery	20% on reducing balance
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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.

#### 1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories 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.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with 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.

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

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

#### **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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

##### **Basic financial liabilities**

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

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.



# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### *Other financial liabilities*

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### *Derecognition of financial liabilities*

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

### 1.9 Equity instruments

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

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

### 1.11 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 non-current 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.

### 1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1 Accounting policies

(Continued)

##### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### 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 and historical experience.

##### Stock Provisioning

The company reviews its stock holding and considers the recoverability of the cost and the associated provision required. When calculating the provision management considers the nature and age of the stock as well as applying assumptions about the anticipated saleability of stock.

#### 3 Revenue

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

	2016 £	2015 £
<b>Turnover</b>		
Manufacture of Fix-a-form products and general printing	5,482,805	5,117,004

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

<b>3</b>	<b>Revenue</b>	<b>(Continued)</b>	
	<b>Other significant revenue</b>		
	Interest income	13,808	36,155
	Royalty income	39,209	89,732
		<u>          </u>	<u>          </u>
	<b>Revenue analysed by geographical market</b>		
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	United Kingdom	4,586,796	4,211,130
	Overseas Sales	896,009	905,874
		<u>          </u>	<u>          </u>
		5,482,805	5,117,004
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Operating profit</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Operating profit for the year is stated after charging/(crediting):		
	Exchange (gains)/losses	(76,927)	52,693
	Depreciation of owned property, plant and equipment	334,769	436,625
	Depreciation of property, plant and equipment held under finance leases	87,795	44,539
	Loss on disposal of property, plant and equipment	49,256	979
	Cost of inventories recognised as an expense	1,098,164	1,175,730
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Auditor's remuneration</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Fees payable to the company's auditor and associates:		
	<b>For audit services</b>		
	Audit of the financial statements of the company	6,100	5,350
		<u>          </u>	<u>          </u>
	<b>For other services</b>		
	All other non-audit services	4,900	4,350
		<u>          </u>	<u>          </u>

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 6 Employees

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

	2016 Number	2015 Number
Production staff	39	38
Distribution staff	7	7
Administrative staff	11	11
Management staff	2	2
	<u>59</u>	<u>58</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,543,677	1,462,863
Social security costs	151,632	133,246
Pension costs	109,316	90,042
	<u>1,804,625</u>	<u>1,686,151</u>

### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	136,824	116,165
Company pension contributions to defined contribution schemes	7,910	8,304
	<u>144,734</u>	<u>124,469</u>

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

### 8 Investment income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	13,721	36,155
Other interest income	87	-
	<u>13,808</u>	<u>36,155</u>

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

(Continued)

### 8 Investment income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	13,721	36,155
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### 9 Finance costs

<b>2016</b>	<b>2015</b>
<b>£</b>	<b>£</b>

**Interest on financial liabilities measured at amortised cost:**

Interest on finance leases and hire purchase contracts	10,056	9,868
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### 10 Taxation

<b>2016</b>	<b>2015</b>
<b>£</b>	<b>£</b>

#### **Current tax**

UK corporation tax on profits for the current period	178,723	28,932
Adjustments in respect of prior periods	309	-
Group tax relief	-	4,118

Total current tax	179,032	33,050
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#### **Deferred tax**

Origination and reversal of timing differences	(27,294)	57,543
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Total tax charge	151,738	90,593
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# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	843,180	440,269
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	168,636	88,054
Tax effect of expenses that are not deductible in determining taxable profit	138	148
Adjustments in respect of prior years	309	-
Effect of change in corporation tax rate	-	633
Group relief	-	(3,772)
Permanent capital allowances in excess of depreciation	(17,345)	5,530
Taxation charge for the year	151,738	90,593

### 11 Dividends

	2016 £	2015 £
Interim paid	630,000	-

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 12 Property, plant and equipment

	Land and buildings Leasehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2016	39,166	8,238,497	37,590	8,315,253
Additions	-	217,585	7,493	225,078
Disposals	-	(696,509)	(17,800)	(714,309)
At 31 December 2016	39,166	7,759,573	27,283	7,826,022
<b>Depreciation and impairment</b>				
At 1 January 2016	10,192	6,134,155	26,558	6,170,905
Depreciation charged in the year	1,567	416,993	4,004	422,564
Eliminated in respect of disposals	-	(639,655)	(10,291)	(649,946)
At 31 December 2016	11,759	5,911,493	20,271	5,943,523
<b>Carrying amount</b>				
At 31 December 2016	27,407	1,848,080	7,012	1,882,499
At 31 December 2015	28,974	2,104,342	11,032	2,144,348

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	325,074	361,193
Motor vehicles	4,370	-
	<u>329,444</u>	<u>361,193</u>
Depreciation charge for the year in respect of leased assets	<u>87,795</u>	<u>44,539</u>

### 13 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>1,463,941</u>	<u>1,496,916</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>483,199</u>	<u>491,296</u>

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 14 Inventories

	2016 £	2015 £
Raw materials and consumables	175,978	179,995
Work in progress	415,710	317,418
	<u>591,688</u>	<u>497,413</u>

### 15 Trade and other receivables

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade receivables	860,459	820,721
Corporation tax recoverable	-	33,073
Amounts due from group undertakings	534,568	585,413
Other receivables	68,914	90,782
Prepayments and accrued income	115,308	79,894
	<u>1,579,249</u>	<u>1,609,883</u>

### 16 Current liabilities

	Notes	2016 £	2015 £
Obligations under finance leases	18	44,327	130,500
Trade payables		177,429	176,244
Amounts due to group undertakings		241,938	130,279
Corporation tax		122,396	-
Other taxation and social security		52,493	27,106
Other payables		1,123	1,123
Accruals and deferred income		11,010	9,650
		<u>650,716</u>	<u>474,902</u>

### 17 Non-current liabilities

	Notes	2016 £	2015 £
Obligations under finance leases	18	<u>7,372</u>	<u>43,500</u>

Obligations under finance leases are secured on the assets concerned.



# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 18 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	44,327	130,500
In two to five years	7,372	43,500
	<u>51,699</u>	<u>174,000</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 19 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	20	160,476	187,770
		<u>160,476</u>	<u>187,770</u>

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
<b>Balances:</b>		
Accelerated Capital Allowances	160,476	187,770
	<u>160,476</u>	<u>187,770</u>
<b>Movements in the year:</b>		2016 £
Liability at 1 January 2016		187,770
Credit to profit or loss		(27,294)
Liability at 31 December 2016		<u>160,476</u>

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 21 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	109,316	90,042

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

### 22 Share capital

	2016 £	2015 £
<b>Ordinary share capital Issued and fully paid</b>		
100,000 Ordinary shares of £1 each	100,000	100,000

Called up share capital represents the nominal value of shares that have been issued.

### 23 Share premium account

This reserve records the premium received on shares issued by the company.

### 24 Retained earnings

The Profit and loss account includes all current and prior period retained profits and losses.

### 25 Operating lease commitments

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:

	2016 £	2015 £
Within one year	63,784	52,071
Between two and five years	70,564	83,718
	<u>134,348</u>	<u>135,789</u>

### 26 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016 £	2015 £
Aggregate compensation	<u>144,734</u>	<u>124,469</u>

# DENNY BROS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 26 Related party transactions

(Continued)

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2016	2015	2016	2015
	£	£	£	£
Denny Bros Supplies Ltd	3,093	1,125	9,714	12,271

The following amounts were outstanding at the reporting end date:

	2016	2015
	£	£
<b>Amounts owed to related parties</b>		
Denny Bros Supplies Ltd	401	2,474

### 27 Controlling party

The immediate and ultimate parent company is Denny Bros Holdings Ltd., a company incorporated in England & Wales. Copies of the group financial statements are available from Kempson Way, Bury St Edmunds, Suffolk, IP32 7AR.

The company was under the control of the directors throughout the current and previous period.

### 28 Cash generated from operations

	2016	2015
	£	£
Profit for the year after tax	691,442	349,676
<b>Adjustments for:</b>		
Taxation charged	151,738	90,593
Finance costs	10,056	9,868
Investment income	(13,808)	(36,155)
Loss on disposal of property, plant and equipment	49,256	979
Depreciation and impairment of property, plant and equipment	422,564	481,164
<b>Movements in working capital:</b>		
(Increase) in inventories	(94,275)	(17,269)
(Increase)/decrease in trade and other receivables	(2,439)	117,543
Increase in trade and other payables	139,591	39,404
<b>Cash generated from operations</b>	<b>1,354,125</b>	<b>1,035,803</b>