

Powell Mail Order Limited

Directors' report and financial statements

For the year ended 31 December 2016

Registered number: 02868348

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Powell Mail Order Limited

Company Information

Directors	J D Ellis J Mönig M B Leusmann (resigned 23 August 2016)
Company secretary	Eversecretary Limited
Registered number	02868348
Registered office	Unit 1 Heol Aur Dafen Industrial Park Llanelli Wales SA14 8QN
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC Bank plc 4a Vaughan Street Llanelli Carmarthenshire SA15 3TY
Solicitors	Eversheds 1 Wood Street London EC2V 7WS

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Directors' report

For the year ended 31 December 2016

The directors present their report and the financial statements of Powell Mail Order Limited for the year ended 31 December 2016.

Principal activity

The principal activity of the company in the year under review was the supply by mail order of equipment for use in factories and industrial premises.

Review of business and future developments

2016 can be viewed as a year of two halves, with a distinct and definite tipping point at the end of June.

Weaker sales in the first half of the year can partially be ascribed to the reduction in advertising spend in the period (print and on-line) with a consequential drop in orders and active customers. The launch at the end of June of the additional new website www.gaerner.co.uk and the corresponding increase in advertising support contributed to a stronger second half of the year, with sales for that period showing a 2.2% growth year on year.

The Referendum on EU membership at the end of June was also a contributory factor, with pent up demand ahead of the vote being released once the actual result was known. The effect on Sterling in the immediate aftermath of the vote severely impacted on the Gross Margin for the second half year, leading as it did to a 16% increase in costs for Euro-denominated products. This has resulted in the year end loss as seen in the accompanying financial reports. Takkt AG have confirmed their full financial support for the year ahead, allowing Powell to move forward in a confident manner.

The Directors believe that the current climate of cautious business optimism, combined with a more normal spread of advertising support throughout the year will allow us to forecast a return to moderate revenue growth in 2017.

Results and dividends

The loss for the year, after taxation, amounted to £135,018 (2015 - profit £47,720).

The directors do not recommend a dividend (2015 - £nil).

Directors

The directors who served during the year were:

J D Ellis

J Mönig

M B Leusmann (resigned 23 August 2016)

Directors' report (continued)

For the year ended 31 December 2016

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 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'. Under company law the directors must not approve the financial statements unless they are satisfied that they are 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

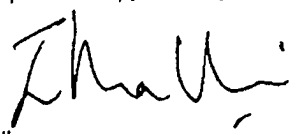
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Buzzacott LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27 January 2017 and signed on its behalf.

 27.1.2017
J D Ellis
Director

Independent auditor's report to the members of Powell Mail Order Limited
For the year ended 31 December 2016

We have audited the financial statements of Powell Mail Order Limited for the year ended 31 December 2016, set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 auditors

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

Scope of the audit of the financial statement

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

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 loss 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 matter prescribed by the Companies Act 2006

In our opinion, based on work undertaken in the course of the audit, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Independent auditor's report to the members of Powell Mail Order Limited
For the year ended 31 December 2016

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

Mark Worsey (Senior statutory auditor)

for and on behalf of
Buzzacott LLP

Statutory Auditor

130 Wood Street
London
EC2V 6DL

27 January 2017

Profit and loss account

For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	2,527,506	2,763,557
Changes of stocks and purchases of finished goods		(1,763,976)	(1,815,969)
Gross profit		763,530	947,588
Staff costs		(259,469)	(251,452)
Depreciation and amortisation		(2,079)	(5,575)
Other operating expenses		(668,552)	(636,167)
Operating (loss)/profit	4	(166,570)	54,394
Interest receivable and similar income	8	720	1,146
Interest payable and expenses	9	(215)	(250)
(Loss)/profit before tax		(166,065)	55,290
Tax on (loss)/profit	10	31,047	(7,570)
(Loss)/profit after tax		(135,018)	47,720
Retained earnings at the beginning of the year		68,739	21,019
(Loss)/profit for the year		(135,018)	47,720
Retained earnings at the end of the year		(66,279)	68,739

The notes on pages 7 to 16 form part of these financial statements.

Balance sheet

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	3,226	5,305
		<u>3,226</u>	<u>5,305</u>
Current assets			
Stocks	12	39,672	39,653
Debtors: amounts falling due within one year	13	548,181	637,662
Cash at bank and in hand	14	24,443	43,824
		<u>612,296</u>	<u>721,139</u>
Creditors: amounts falling due within one year	15	(566,001)	(541,905)
Net current assets		<u>46,295</u>	<u>179,234</u>
Total assets less current liabilities		<u>49,521</u>	<u>184,539</u>
Net assets		<u>49,521</u>	<u>184,539</u>
Capital and reserves			
Called up share capital	18	17,333	17,333
Share premium account		98,467	98,467
Profit and loss account		(66,279)	68,739
		<u>49,521</u>	<u>184,539</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 January 2017.

J D Ellis 27.1.2017.

J D Ellis
Director

The notes on pages 7 to 16 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by section 1.12 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 *Statement of Cash Flows*;
- the requirements of Section 3 *Financial Statement Presentation* paragraph 3.17(d);
- the requirements of certain paragraphs of Section 11 *Financial Instruments*;
- the requirements of certain paragraphs of Section 12 *Other Financial Instruments*;
- the requirements of section 33 *Related Party Disclosures* paragraph 33.7

1.3 Going concern

TAKKT AG, (the group parent company), has undertaken to provide any additional finance necessary to enable the company to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

Based on this continuing financial support, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis of accounting has been adopted in the preparation of these financial statements.

However, should adequate financial support not be forthcoming from TAKKT AG, the going concern basis used in preparing the company's financial statements may be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

The financial statements do not include any adjustment to the company's assets or liabilities that might be necessary should this basis not continue to be appropriate.

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	- 4 years
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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 in the Profit and loss account.

1.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Stocks held for distribution at no consideration consist of advertising and promotion material which is held at cost. Expenditure relating to the purchase and distribution of trade catalogues is expensed in the year in which the catalogue is distributed.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable and loans to related parties.

Debt instruments, such as loans and other accounts receivable and payable, are initially measured at the present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost less impairment are assessed at the end of each reporting period

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.10 Financial instruments (continued)

for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 Pensions

Defined contribution pension plan

The company contributes to a defined contribution plan on behalf its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.13 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

1.14 Current and deferred taxation

The tax expenses for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have been originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except when deferred tax is recognised on the difference between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amounts that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.15 Foreign currency translation

Functional and presentational currency

The company's functional currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors do not consider that there were any significant areas of estimation uncertainty or application of judgment.

3. Turnover

The whole of the turnover is attributable to the company's principal activity. Turnover attributable to geographical markets outside the United Kingdom amounted to £ 16,471 (2015 - £7,159).

4. Operating (loss)/profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	2,079	5,577
Defined contribution pension cost	11,353	11,052
Operating lease rentals:		
- plant and machinery	7,274	6,979
- other operating leases	15,000	15,000

Notes to the financial statements

For the year ended 31 December 2016

5. Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor for the audit of the company's annual accounts	19,525	19,525
	<u>19,525</u>	<u>19,525</u>
Fees payable to the company's auditor in respect of:		
Other services relating to taxation	2,450	2,450
All other services	2,560	2,560
	<u>5,010</u>	<u>5,010</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	223,491	216,753
Social security costs	24,625	23,647
Cost of defined contribution scheme	11,353	11,052
	<u>259,469</u>	<u>251,452</u>

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

	2016 No.	2015 No.
Sales	4	4
Finance	2	2
Other management and administration	1	1
	<u>7</u>	<u>7</u>

Notes to the financial statements

For the year ended 31 December 2016

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	76,594	75,411
Company pension contributions to defined contribution pension	4,813	5,150

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

In addition, amounts of £14,919 (2015 - £14,530) were paid to the immediate parent company as consideration for the services of a director of the company.

8. Interest receivable

	2016 £	2015 £
Interest receivable from group companies	320	646
Other interest receivable	400	500
	<u>720</u>	<u>1,146</u>

9. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	215	250
	<u>215</u>	<u>250</u>

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	-	7,417
Adjustments in respect of previous periods	-	153
Compensation received on surrender of group losses	(31,047)	-
Total current tax	<u>(31,047)</u>	<u>7,570</u>

Notes to the financial statements

For the year ended 31 December 2016

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
(Loss) / profit on ordinary activities before tax	(166,065)	55,290
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(33,213)	11,194
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,410	-
Utilisation of tax losses	-	(3,773)
Adjustments to tax charge in respect of prior periods	-	153
Other differences leading to an increase (decrease) in the tax charge	(1,244)	(4)
Group relief	31,047	-
Receipt for group relief	(31,047)	-
Total tax charge for the year	(31,047)	7,570

11. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 January 2016	35,904
At 31 December 2016	35,904
Depreciation	
At 1 January 2016	30,599
Charge for the period	2,079
At 31 December 2016	32,678
Net book value	
At 31 December 2016	3,226
At 31 December 2015	5,305

Notes to the financial statements
For the year ended 31 December 2016

12. Stocks

	2016 £	2015 £
Finished goods and goods for resale	1,732	2,468
Stock held for distribution at nil value	37,940	37,185
	<u>39,672</u>	<u>39,653</u>

Stock purchased during the year and recognised as an expense equated to £1,468,310 (2015 - £1,489,573).

13. Debtors

	2016 £	2015 £
Due within one year		
Trade debtors	449,432	467,046
Amounts owed by group undertakings	82,404	150,884
Other debtors	8,920	10,446
Prepayments	7,425	9,286
	<u>548,181</u>	<u>637,662</u>

Included within other debtors is a loan extended to a director. The details of this are disclosed in note 21.

14. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	24,443	43,824
	<u>24,443</u>	<u>43,824</u>

Notes to the financial statements
For the year ended 31 December 2016

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	99,162	103,490
Amounts owed to group undertakings	304,369	254,717
Corporation tax	84	7,417
Taxation and social security	100,322	109,966
Other creditors	10,000	10,000
Accruals and deferred income	52,064	56,315
	<u>566,001</u>	<u>541,905</u>

16. Deferred taxation

	2016 Amounts unprovided £	2015 Amounts unprovided £
Short term timing differences (assets)	(912)	(781)
Accelerated capital allowances	(88)	(259)
Losses carried forward	-	(3,710)
Total	<u>(1,000)</u>	<u>(4,750)</u>

17. Capital and reserves

Share premium account - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

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

18. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
17,333 Ordinary shares of £1 each	<u>17,333</u>	<u>17,333</u>

19. Pension commitments

The company makes contributions to defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions payable by the company for the period amounted to £11,353 (2015 - £11,052).

Notes to the financial statements

For the year ended 31 December 2016

20. Commitments under operating leases

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	21,867	21,867
Later than 1 year and not later than 5 years	25,510	40,112
Total	47,377	61,979

21. Related party transactions

During the year Powell Mail Order Limited provided a loan to its ultimate parent Franz Haniel & Cie GmbH. At the year end the loan balance was £51,204. During the year £287 was received as interest from Franz Haniel & Cie GmbH. The loan is repayable on demand.

At the year end there was a balance outstanding of £8,920 (2015 - £10,446) on a loan advanced to a director, a director, by the company. The loan is secured by a second charge against his property. Total repayments during the year were £1,900 (2015 - £3,700). Compound interest of 3.7464% is accrued on the principal sum advanced. Interest amounting to £372 (2015 - £462) was charged in the year.

The financial statements do not include disclosure of transactions between Powell Mail Order Limited and entities that are part of the group headed by TAKKT AG. This is because as a subsidiary whose shares are 100% controlled within the group the company is exempt from the requirement to disclose such transactions under section 33.1A of the Financial Reporting Standard 102.

22. Controlling party

The immediate parent company in the two years ended 31 December 2016 was Kaiser + Kraft Europa GmbH, a company incorporated in Germany.

The ultimate parent company in the two years ended 31 December 2016 was Franz Haniel & Cie GmbH, a company incorporated in Germany. Franz Haniel & Cie GmbH is controlled by members of the Haniel family.

The smallest group in which the results of the company are consolidated is that headed by TAKKT AG. The largest group in which the results of the company are consolidated is that headed by Franz Haniel & Cie GmbH. The consolidated accounts, which are available to the public, may be obtained from Franz Haniel & Cie GmbH, 047118 Duisburg, Germany.

23. Registered office

The registered office of Powell Mail Order Limited is Unit 1 Heol Aur, Dafen Industrial Park, Llanelli, Wales SA14 8QN.