

ROC

COMPANY REGISTRATION NUMBER: 03045350

David Salisbury Joinery Limited
Financial Statements
31 December 2016



WEBB & CO LTD

Accountants and Business Advisers & statutory auditor
One New Street
Wells
Somerset
BA5 2LA

David Salisbury Joinery Limited

Financial Statements

Year ended 31 December 2016

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent auditor's report to the members	6
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	12
Notes to the financial statements	13
The following pages do not form part of the financial statements	
Detailed income statement	30
Notes to the detailed income statement	31

David Salisbury Joinery Limited

Officers and Professional Advisers

The board of directors	D Salisbury W Kangurs K Bell Hutt
Company secretary	C A Salisbury
Registered office	Bennett Road Isleport Business Park Highbridge Somerset TA9 4PW
Auditor	Webb & Co Ltd Accountants and Business Advisers & statutory auditor One New Street Wells Somerset BA5 2LA
Bankers	National Westminster 1st Floor, Lakeside House Blackbrook Business Park Blackbrook Park Avenue Taunton Somerset TA1 2PX

David Salisbury Joinery Limited

Strategic Report

Year ended 31 December 2016

Principal Activity

The principal activity of the Company is the manufacture, sale and installation of bespoke timber windows, doors, orangeries, conservatories and garden rooms.

2016 Trading Summary

The trading year for 2016 was characterised by the uncertainty around the UK economy and Brexit implications. There was strong growth in the first half of 2016, a period of uncertainty during the summer months most likely caused by the Brexit vote, followed by a period of recovery in the final quarter.

The headline results showed growth in the sales order book, increased Profit before Tax (250%) and a stronger cash position against the prior year. Given the economic uncertainty, David Salisbury Joinery Limited has performed extremely well and benefited from a loyal workforce, high quality product and excellent customer satisfaction.

The sales order intake for the year reached £14.1m which shows considerable growth over the prior year, £1m/8%. The majority of this growth has been seen in our core painted timber retail product. Our Commercial arm has remained an integral part of the business and the final quarter demonstrated the growth opportunities in 2017.

Revenue recognised in the period was in line with the 2015 results at £12.8m however growth in 2017 is anticipated given the increased order book value carried forward. Significant margin improvements (3%) have also been realised during the year, which were mainly driven by improved raw timber optimisation and several key material price reductions.

David Salisbury Joinery Limited undertook several significant marketing activities during the year including; rebranding the oak product range as David Salisbury Oak and opening a luxury show site at the Chelsea Gardener in Sydney Street, Chelsea, to demonstrate the high quality of both product design and build.

2017 Outlook

The strategy is to maintain our core sales and drive growth in our commercial arm with our high quality, innovative products.

Margin continues to be under pressure with significant raw material price increases already filtering through from suppliers due to the downturn in Sterling-Euro market rates. We have increased our prices to help maintain existing gross margins.

The Company continues to operate in a highly competitive market and therefore we continue to invest in and develop manufacturing technologies to maintain our position as market leader in the sector.

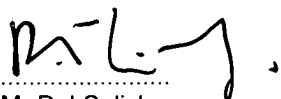
The Board would like to take this opportunity to thank all the employees for their continued support and commitment.

David Salisbury Joinery Limited

Strategic Report *(continued)*

Year ended 31 December 2016

This report was approved by the board of directors on 5/4/17 and signed on behalf of the board by:



Mr D J Salisbury
Director

Registered office:
Bennett Road
Isleport Business Park
Highbridge
Somerset
TA9 4PW

David Salisbury Joinery Limited

Directors' Report

Year ended 31 December 2016

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

Directors

The directors who served the company during the year were as follows:

D Salisbury	
W Kangurs	
K Bell Hutt	(Appointed 1 February 2016)
N A Morris	(Resigned 2 February 2016)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 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 judgments 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

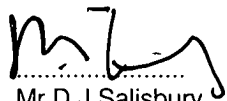
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

David Salisbury Joinery Limited

Directors' Report *(continued)*

Year ended 31 December 2016

This report was approved by the board of directors on 5/4/17 and signed on behalf of the board by:



Mr D J Salisbury
Director

Registered office:
Bennett Road
Isleport Business Park
Highbridge
Somerset
TA9 4PW

David Salisbury Joinery Limited

Independent Auditor's Report to the Members of David Salisbury Joinery Limited

Year ended 31 December 2016

We have audited the financial statements of David Salisbury Joinery Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the 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, 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 directors' 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.

David Salisbury Joinery Limited

Independent Auditor's Report to the Members of David Salisbury Joinery Limited *(continued)*

Year ended 31 December 2016

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the 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 Strategic Report and the Directors' Report.

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.



Barry Davidson ACA FCCA (Senior Statutory Auditor)

For and on behalf of
Webb & Co Ltd
Accountants and Business Advisers & statutory auditor
One New Street
Wells
Somerset
BA5 2LA

7 April 2017

David Salisbury Joinery Limited

Statement of Comprehensive Income

Year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	12,806,995	12,830,924
Cost of sales		8,776,151	9,168,689
Gross profit		4,030,844	3,662,235
Distribution costs		1,952,966	1,945,808
Administrative expenses		1,829,707	1,599,613
Operating profit	5	248,171	116,814
Other interest receivable and similar income	9	1,316	975
Interest payable and similar expenses	10	32,938	28,752
Profit before taxation		216,549	89,037
Tax on profit	11	60,519	38,043
Profit for the financial year		156,030	50,994
Revaluation of tangible assets		—	150,000
Reclassification from revaluation reserve to profit and loss account		—	359,099
Transfer of revaluation reserves to profit and loss		—	(359,099)
Other comprehensive income for the year		—	150,000
Total comprehensive income for the year		156,030	200,994

All the activities of the company are from continuing operations.

The notes on pages 13 to 28 form part of these financial statements.

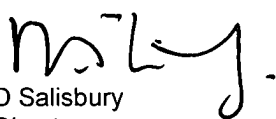
David Salisbury Joinery Limited

Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	13	29,645	105,549
Tangible assets	14	2,648,393	2,677,431
Investments	15	3	3
		<u>2,678,041</u>	<u>2,782,983</u>
Current assets			
Stocks	16	446,311	223,696
Debtors	17	950,372	980,488
Cash at bank and in hand		1,207,997	1,157,179
		<u>2,604,680</u>	<u>2,361,363</u>
Creditors: amounts falling due within one year	18	3,662,031	3,446,849
Net current liabilities		<u>1,057,351</u>	<u>1,085,486</u>
Total assets less current liabilities		1,620,690	1,697,497
Creditors: amounts falling due after more than one year	19	873,424	461,717
Provisions	21	80,634	74,000
Net assets		<u>666,632</u>	<u>1,161,780</u>
Capital and reserves			
Called up share capital	25	140,525	200,750
Share premium account	26	14,850	14,850
Capital redemption reserve	26	60,475	250
Profit and loss account	26	450,782	945,930
Members funds		<u>666,632</u>	<u>1,161,780</u>

These financial statements were approved by the board of directors and authorised for issue on 5/4/17 and are signed on behalf of the board by:


D Salisbury
Director

Company registration number: 03045350

The notes on pages 13 to 28 form part of these financial statements.

David Salisbury Joinery Limited

Statement of Changes in Equity

Year ended 31 December 2016

	Note	Called up share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2015		200,750	14,850	209,099	250	636,212	1,061,161
Profit for the year						50,994	50,994
Other comprehensive income for the year:							
Revaluation of tangible assets	14	-	-	150,000	-	-	150,000
Reclassification from revaluation reserve to profit and loss account		-	-	-	-	359,099	359,099
Transfer of revaluation reserves to profit and loss		-	-	(359,099)	-	-	(359,099)
Total comprehensive income for the year		-	-	(209,099)	-	410,093	200,994
Dividends paid and payable	12	-	-	-	-	(100,375)	(100,375)
Total investments by and distributions to owners		-	-	-	-	(100,375)	(100,375)
At 31 December 2015		200,750	14,850	-	250	945,930	1,161,780
Profit for the year						156,030	156,030
Total comprehensive income for the year		-	-	-	-	156,030	156,030

The statement of changes in equity
continues on the following page.

The notes on pages 13 to 28 form part of these financial statements.

David Salisbury Joinery Limited

Statement of Changes in Equity *(continued)*

Year ended 31 December 2016

	Note	Called up share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
Dividends paid and payable	12	—	—	—	—	(101,178)	(101,178)
Cancellation of subscribed capital		(60,225)	—	—	—	(550,000)	(610,225)
Redemption of shares		—	—	—	60,225	—	60,225
Total investments by and distributions to owners		(60,225)	—	—	60,225	(651,178)	(651,178)
At 31 December 2016		<u>140,525</u>	<u>14,850</u>	<u>—</u>	<u>60,475</u>	<u>450,782</u>	<u>666,632</u>

The notes on pages 13 to 28 form part of these financial statements.

David Salisbury Joinery Limited

Statement of Cash Flows

Year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	156,030	50,994
<i>Adjustments for:</i>		
Depreciation of tangible assets	220,491	246,979
Amortisation of intangible assets	75,904	94,160
Impairment of intangible assets	–	15,063
Other interest receivable and similar income	(1,316)	(975)
Interest payable and similar expenses	32,938	28,752
(Gains)/loss on disposal of tangible assets	(5,171)	8,855
Tax on profit	60,519	38,043
Accrued expenses	127,636	99,746
<i>Changes in:</i>		
Stocks	(222,615)	75,633
Trade and other debtors	30,116	(14,750)
Trade and other creditors	58,919	86,793
Cash generated from operations	533,451	729,293
Interest paid	(32,938)	(28,752)
Interest received	1,316	975
Tax paid	(34,107)	(76,043)
Net cash from operating activities	<u>467,722</u>	<u>625,473</u>
Cash flows from investing activities		
Purchase of tangible assets	(191,814)	(224,459)
Proceeds from sale of tangible assets	5,532	7,732
Purchase of intangible assets	–	(13,500)
Net cash used in investing activities	<u>(186,282)</u>	<u>(230,227)</u>
Cash flows from financing activities		
Purchase of own shares	(550,000)	–
Proceeds from borrowings	453,442	(28,554)
Payments of finance lease liabilities	(32,886)	(66,860)
Interest paid	–	5,695
Dividends paid	(101,178)	(100,375)
Net cash used in financing activities	<u>(230,622)</u>	<u>(190,094)</u>
Net increase in cash and cash equivalents	50,818	205,152
Cash and cash equivalents at beginning of year	<u>1,157,179</u>	<u>952,027</u>
Cash and cash equivalents at end of year	<u>1,207,997</u>	<u>1,157,179</u>

The notes on pages 13 to 28 form part of these financial statements.

David Salisbury Joinery Limited

Notes to the Financial Statements

Year ended 31 December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Bennett Road, Isleport Business Park, Highbridge, Somerset, TA9 4PW.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of freehold properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The nature of the company's operations and principal activities are the design, manufacture and installation of bespoke wooden orangeries, conservatories and extensions.

(b) Consolidation

Exemption from preparing group accounts has been taken under Section 405(2) of the Companies Act 2006, on the basis that all of the subsidiaries are immaterial in aggregate.

(c) Judgements and key sources of estimation uncertainty

The following key judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Key sources of estimation uncertainty

Revenue recognition - construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, measured primarily based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recovered. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

(d) Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. Recognition occurs when there is an arrangement, primarily in the form of contract or purchase order, with the customer, a determining sales price is established with the customer, performance requirements are achieved, and it is probable that economic benefits associated with the transaction will flow to the company. The policies adopted for the recognition of turnover are as follows:

Contract costs

In respect of long term contracts and contracts for on-going services, turnover represents the value of work done in the period, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to stage of completion.

Interest and dividends receivable

Interest income is recognised using the effective interest method and dividend income is recognised as the company's right to receive payment is established.

(e) Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

(f) Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

(g) Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

(h) Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	straight line over 1-3 years
Development costs	-	straight line over 10 years
Website development costs	-	straight line over 3 years
Licences costs	-	straight line over 3 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

(i) Tangible assets

A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset.

Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

(j) Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	no depreciation
Plant and machinery	-	straight line over 3-10 years
Fixtures and fittings	-	straight line over 1-10 years
Motor vehicles	-	25% reducing balance

(k) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

(l) Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Investments in associates *(continued)*

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

(m) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

(n) Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. The cost formula used to value stock is first-in-first-out.

Provision is made for damaged, obsolete and slow-moving stock where appropriate.

(o) Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

(p) Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Construction contracts *(continued)*

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is expensed immediately, with a corresponding provision for an onerous contract being recognised.

Where the collectability of an amount already recognised as contract revenue is no longer probable, the uncollectible amount is expensed rather than recognised as an adjustment to the amount of contract revenue.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

(q) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

(r) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship (see hedge accounting policy).

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

(s) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

(t) Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

4. Turnover

Turnover arises from:

	2016 £	2015 £
Construction contracts	<u>12,806,995</u>	<u>12,830,924</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016 £	2015 £
United Kingdom	12,704,597	12,642,017
Overseas	<u>102,398</u>	<u>188,907</u>
	<u>12,806,995</u>	<u>12,830,924</u>

5. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Amortisation of intangible assets	75,904	109,222
Depreciation of tangible assets	220,491	246,980
(Gains)/loss on disposal of tangible assets	(5,171)	8,855
Impairment of trade debtors	<u>(1,025)</u>	<u>(2,999)</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to Francis Clark LLP		
Fees payable for the audit of the financial statements	<u>450</u>	<u>14,200</u>

	2016 £	2015 £
Fees payable to Webb & Co		
Fees payable for the audit of the financial statements	<u>10,000</u>	<u>—</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No.	2015 No.
Production staff	87	88
Administrative staff	11	9
Sales, marketing and distribution staff	<u>32</u>	<u>33</u>
	<u>130</u>	<u>130</u>

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

7. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	3,622,639	3,437,810
Social security costs	336,433	316,408
Other pension costs	72,970	69,334
	<u>4,032,042</u>	<u>3,823,552</u>

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	387,153	305,341
Company contributions to defined contribution pension plans	3,649	4,603
Compensation for loss of office	—	28,750
	<u>390,802</u>	<u>338,694</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No.	No.
Defined contribution plans	<u>4</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016	2015
	£	£
Aggregate remuneration	113,471	127,215
Company contributions to defined contribution pension plans	1,467	—
	<u>114,938</u>	<u>127,215</u>

9. Other interest receivable and similar income

	2016	2015
	£	£
Interest on bank deposits	<u>1,316</u>	<u>975</u>

10. Interest payable and similar expenses

	2016	2015
	£	£
Interest on banks loans and overdrafts	29,764	23,058
Interest on obligations under finance leases and hire purchase contracts	3,174	5,694
	<u>32,938</u>	<u>28,752</u>

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

11. Tax on profit

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	53,778	34,000
Adjustments in respect of prior periods	107	43
Total current tax	<u>53,885</u>	<u>34,043</u>
Deferred tax:		
Origination and reversal of timing differences	6,634	4,000
Tax on profit	<u>60,519</u>	<u>38,043</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>216,549</u>	<u>89,037</u>
Profit on ordinary activities by rate of tax	43,310	17,807
Adjustment to tax charge in respect of prior periods	107	—
Effect of expenses not deductible for tax purposes	418	4,983
Effect of capital allowances and depreciation	9,016	9,905
Effect of different UK tax rates on some earnings	—	(8,191)
Deferred tax expense (credit) from unrecognised tax loss or credit	6,634	13,857
Tax increase (decrease) from short-term timing differences	<u>1,034</u>	<u>(318)</u>
Tax on profit	<u>60,519</u>	<u>38,043</u>

12. Dividends

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>101,178</u>	<u>100,375</u>

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

13. Intangible assets

	Goodwill £	Website development costs £	Research and development costs £	Licences costs £	Total £
Cost					
At 1 Jan 2016 and 31 Dec 2016	263,885	88,308	281,323	31,907	665,423
Amortisation					
At 1 January 2016	263,885	36,795	245,490	13,704	559,874
Charge for the year	—	29,436	35,833	10,635	75,904
At 31 December 2016	<u>263,885</u>	<u>66,231</u>	<u>281,323</u>	<u>24,339</u>	<u>635,778</u>
Carrying amount					
At 31 December 2016	—	22,077	—	7,568	29,645
At 31 December 2015	—	51,513	35,833	18,203	105,549

14. Tangible assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2016	2,050,000	2,548,781	517,423	181,978	5,298,182
Additions	—	17,187	127,663	46,964	191,814
Disposals	—	(23,699)	—	—	(23,699)
At 31 December 2016	<u>2,050,000</u>	<u>2,542,269</u>	<u>645,086</u>	<u>228,942</u>	<u>5,466,297</u>
Depreciation					
At 1 January 2016	—	2,185,141	329,113	106,497	2,620,751
Charge for the year	—	138,783	54,760	26,948	220,491
Disposals	—	(23,338)	—	—	(23,338)
At 31 December 2016	<u>—</u>	<u>2,300,586</u>	<u>383,873</u>	<u>133,445</u>	<u>2,817,904</u>
Carrying amount					
At 31 December 2016	<u>2,050,000</u>	<u>241,683</u>	<u>261,213</u>	<u>95,497</u>	<u>2,648,393</u>
At 31 December 2015	<u>2,050,000</u>	<u>363,640</u>	<u>188,310</u>	<u>75,481</u>	<u>2,677,431</u>

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

14. Tangible assets *(continued)*

Tangible assets held at valuation

The fair value of the company's Freehold property was revalued on 19 November 2015 by an independent valuer at £2,050,000.

The revaluation was completed by Alder King LLP, an independent valuer. The basis of valuation was at open market value with vacant possession.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £1,484,718.

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
At 31 December 2016	
Aggregate cost	1,484,718
Aggregate depreciation	—
Carrying value	<u>1,484,718</u>
At 31 December 2015	
Aggregate cost	—
Aggregate depreciation	—
Carrying value	<u>—</u>

15. Investments

	Shares in group undertakings £
Cost	
At 1 Jan 2016 and 31 Dec 2016	<u>3</u>
Impairment	
At 1 Jan 2016 and 31 Dec 2016	<u>—</u>
Carrying amount	
At 31 December 2016	<u>3</u>

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

15. Investments *(continued)*

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Clifton Joinery Limited	Ordinary shares	100
Clifton Oak Limited	Ordinary shares	100
Oakminster Limited	Ordinary shares	100

The principal activity of Clifton Joinery Limited is a dormant company.

The principal activity of County Oak Limited is a dormant company.

The principal activity of Oakminster Limited is a dormant company.

The profit for the financial period of Clifton Joinery Limited was £nil and the aggregate amount of capital and reserves at the end of the period was £1.

The profit for the financial period of County Oak Limited was £nil and the aggregate amount of capital and reserves at the end of the period was £1.

The profit for the financial period of Oakminster Limited was £nil and the aggregate amount of capital and reserves at the end of the period was £1.

16. Stocks

	2016 £	2015 £
Raw materials and consumables	446,311	223,696

The costs of stocks recognised as an expense in the year amounted to £3,171,210 (2015 £3,774,791).

17. Debtors

	2016 £	2015 £
Trade debtors	49,948	40,953
Amounts owed by customers on construction contracts	251,404	262,398
Prepayments and accrued income	643,750	674,078
Other debtors	5,270	3,059
	<u>950,372</u>	<u>980,488</u>

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

18. Creditors: amounts falling due within one year

	2016	2015
	£	£
Bank loans and overdrafts	46,888	29,853
Trade creditors	825,555	633,536
Accruals	534,041	406,405
Corporation tax	53,778	34,000
Social security and other taxes	300,658	359,321
Deferred income	1,817,335	1,897,917
Obligations under finance leases and hire purchase contracts	24,699	32,885
Other creditors	59,077	52,932
	<u>3,662,031</u>	<u>3,446,849</u>

19. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Bank loans and overdrafts	864,898	428,491
Obligations under finance leases and hire purchase contracts	<u>8,526</u>	<u>33,226</u>
	<u>873,424</u>	<u>461,717</u>

The bank borrowings are secured by a fixed and floating charge over all assets and undertakings of the company. The loan is, in addition, secured by a first legal charge over the freehold property.

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2016	2015
	£	£
Not later than 1 year	24,699	32,885
Later than 1 year and not later than 5 years	<u>8,526</u>	<u>33,226</u>
	<u>33,225</u>	<u>66,111</u>

21. Provisions

	Deferred tax (note 22)
	£
At 1 January 2016	74,000
Additions	<u>6,634</u>
At 31 December 2016	<u>80,634</u>

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 21)	80,634	74,000

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	74,000	82,000
Deferred tax - other timing differences	6,634	(8,000)
	80,634	74,000

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £72,970 (2015: £69,334).

24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	49,948	40,953
Other debtors	5,270	3,059
Cash at bank and in hand	1,207,997	1,157,179
	1,263,215	1,201,191
Financial liabilities measured at amortised cost		
Bank loans	911,786	458,344
Trade creditors	825,555	633,536
Other creditors	59,077	52,932
Finance leases	33,225	66,111
	1,829,643	1,210,923

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

25. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares shares of £1 each	<u>140,525</u>	<u>140,525</u>	<u>200,750</u>	<u>200,750</u>

Share movements

	No.	£
Ordinary shares		
At 1 January 2016	200,750	200,750
Shares cancelled	<u>(60,225)</u>	<u>(60,225)</u>
At 31 December 2016	<u>140,525</u>	<u>140,525</u>

On 1 February 2016 the company purchased 60,225 of its own £1 ordinary shares for consideration of £550,000. The shares were subsequently cancelled.

26. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

27. Analysis of changes in net debt

	At 1 Jan 2016	Cash flows	At 31 Dec 2016
	£	£	£
Cash at bank and in hand	1,157,179	50,818	1,207,997
Debt due within one year	(62,738)	(8,849)	(71,587)
Debt due after one year	<u>(461,717)</u>	<u>(411,707)</u>	<u>(873,424)</u>
	<u>632,724</u>	<u>(369,738)</u>	<u>262,986</u>

David Salisbury Joinery Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

28. Reconciliation of net cash flow to movement in net debt

	2016 £	2015 £
Increase in cash and cash equivalents in the year	50,818	205,152
Proceeds from borrowings	(453,442)	28,554
Payments of finance lease liabilities	32,886	66,860
Change in net funds	(369,738)	289,176
Net funds at 1 January 2016	632,724	337,853
Net funds at 31 December 2016	<u>262,986</u>	<u>632,724</u>

29. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than 1 year	111,809	78,597
Later than 1 year and not later than 5 years	255,083	81,661
Later than 5 years	—	978
	<u>366,892</u>	<u>161,236</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £125,320 (2015 £48,342)

30. Related party transactions

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total compensation for the year totalled £420,282 (2015 £404,094).

Transactions with directors

The directors of the company received dividends totalling £101,178 during the year (2015 £100,375).

David Salisbury Joinery Limited

Management Information

Year ended 31 December 2016

The following pages do not form part of the financial statements.

David Salisbury Joinery Limited

Detailed Income Statement

Year ended 31 December 2016

	2016 £	2015 £
Turnover		
Sales	12,704,597	12,642,017
Sales - Europe	41,228	85,412
Sales - Rest of the World	61,170	103,495
	<u>12,806,995</u>	<u>12,830,924</u>
Cost of sales		
Opening stock	(223,696)	(295,207)
Purchases	(3,401,629)	(3,703,280)
Direct costs	(3,700,923)	(3,488,958)
Wages and salaries	(1,855,403)	(1,859,076)
Motor expenses	(21,724)	(25,144)
Depreciation of motor vehicles (owned)	(9,735)	(9,791)
Depreciation of motor vehicles (leased)	(9,352)	(10,929)
	<u>(9,222,462)</u>	<u>(9,392,385)</u>
Closing stock	<u>446,311</u>	<u>223,696</u>
	<u>(8,776,151)</u>	<u>(9,168,689)</u>
Gross profit	<u>4,030,844</u>	<u>3,662,235</u>
Gross profit percentage	31.47%	28.54%
Overheads		
Distribution costs	1,952,966	1,945,808
Administrative expenses	1,829,707	1,599,613
	<u>3,782,673</u>	<u>3,545,421</u>
Operating profit	<u>248,171</u>	<u>116,814</u>
Other interest receivable and similar income	1,316	975
Interest payable and similar expenses	32,938	28,752
Profit before taxation	<u>216,549</u>	<u>89,037</u>

David Salisbury Joinery Limited

Notes to the Detailed Income Statement

Year ended 31 December 2016

	2016 £	2015 £
Distribution costs		
Wages and salaries - distribution costs	919,275	921,915
Social security costs	299,655	273,393
Pension costs - defined contribution	69,321	63,044
Remedials	63,901	62,493
Sundry expenses	274,154	263,260
Telephone	10,957	2,161
Printing, post & stationery	2,561	3,574
Project management	5,980	2,500
Rates	60,517	62,522
Light, heat and power	64,364	71,712
Motor expenses	8,712	9,208
Travelling expenses	17,586	15,685
Hire of plant and machinery (operating leases)	1,469	2,317
Depreciation of plant and machinery (owned)	113,006	151,904
Depreciation of plant and machinery (leased)	25,777	18,086
Depreciation of fixtures and fittings	15,731	22,034
	<u>1,952,966</u>	<u>1,945,808</u>

David Salisbury Joinery Limited

Notes to the Detailed Income Statement *(continued)*

Year ended 31 December 2016

	2016 £	2015 £
Administrative expenses		
Directors compensation for loss of office	—	28,750
Directors salaries	387,153	270,942
Directors national insurance contributions	36,778	43,015
Directors pensions	3,649	4,603
Wages and salaries	460,808	334,627
Redundancy costs	—	22,500
Staff pension contributions - defined contribution	—	1,687
Rent	24,000	—
Motor expenses	17,340	29,552
Travel and subsistence	1,678	2,782
Telephone and fax	21,528	22,049
Light, heat and power	—	17
Insurance	49,580	49,596
Computer software and maintenance costs	25,259	7,545
Repairs and renewals	5,030	25,503
Printing postage and stationery	62,669	49,576
Staff training	14,927	10,364
Staff welfare	798	5,082
Recruitment expenses	54,732	24,343
Sundry expenses	1,471	1,061
Cleaning	10,049	8,807
Charitable donations (allowable)	50	20
Research and development	8,837	5,522
Advertising	458,282	449,148
Entertaining	4,855	1,430
Legal and professional fees (allowable)	10,908	6,841
Trade subscriptions	119	40
Consultancy fees	22,806	9,791
Auditor's remuneration - the audit of the company's accounts	10,450	14,200
Auditor's remuneration - taxation compliance services	—	1,300
Auditor's remuneration - other services	450	2,500
Amortisation of goodwill	—	25,956
Amortisation of website costs	29,436	29,436
Amortisation of development costs	35,833	43,195
Amortisation of licence costs	10,635	10,635
Depreciation of fixtures and fittings	39,028	33,004
Depreciation of motor vehicles	7,862	1,232
(Gain)/loss on disposal of tangible assets	5,171	8,855
Bad debts written off	1,025	2,999
Bank charges	10,668	5,045
Credit card charges	8,235	12,061
	<u>1,829,707</u>	<u>1,599,613</u>
Other interest receivable and similar income		
Interest on bank deposits	<u>1,316</u>	<u>975</u>

David Salisbury Joinery Limited

Notes to the Detailed Income Statement *(continued)*

Year ended 31 December 2016

	2016 £	2015 £
Interest payable and similar expenses		
Interest on bank loans and overdrafts	29,764	23,058
Interest on hire purchase and finance lease contracts	3,174	5,694
	<u>32,938</u>	<u>28,752</u>
