

Company Registration No. 03083607 (England and Wales)

NARANG WHOLESALERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



NARANG WHOLESALERS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---------------------------------------------------------------------------------------------|
| Directors | Mr M Y Hussain Mr J Kalsi Mr J Narang |
| Secretary | Mr J Kalsi |
| Company number | 03083607 |
| Registered office | Narang House 121 City Road Bradford BD8 8JR |
| Auditors | Henton & Co LLP 118 North Street Leeds West Yorkshire United Kingdom LS2 7PN |
| Business address | Narang House 121 City Road Bradford BD8 8JR |
| Bankers | HSBC Bank plc PO Box 105 33 Park Row Leeds LS1 1LD |

NARANG WHOLESALERS LIMITED

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NARANG WHOLESALERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report, the directors' report and financial statements for the year ended 31 December 2016.

Fair review of the business

The principal activity of the company continued to be the wholesale of textiles, electrical and plumbing, and beer, wines, spirits and other beverages.

The company has prevailed in its operations in challenging markets and remains focussed to be able to meet changing needs in its diverse activities.

The company's drop in turnover is the result of a vigorous risk assessment and selective trading criteria that proactively eliminates areas of potential risk. By managing resources effectively the company is able to concentrate on more profitable areas of business at substantially lower risk.

The company also continues to streamline its business operations by cost reduction and consolidation and aims to deliver a better and more effective service. The company prides itself on excellent relationships with both suppliers and customers.

The company has a strong outlook for the future and still maintains the efficiency drive. The directors remain confident in this strategy to maintain business profitability.

The company has continued to strengthen its financial base by retaining the profits within the company. The directors are satisfied with the financial position at the end of the year.

Principal risks and uncertainties

The company is well established and recognised in its three diverse trading activities which minimises potential changes in market conditions to the business. Each division operates in varied markets which further mitigates the associated risk.

The company has a good structure of a dedicated and experienced management team to be responsive and flexible to quickly take advantage of new potential growth.

Key Performance Indicators

The directors monitor progress on the overall company strategy by reference to certain KPI's. Performance during the year, against that for the comparative period is set out below:

| | 2016 | 2015 |
|---------------------|-------|-------|
| Gross Profit margin | 10.8% | 10.9% |
| Net Profit margin | 1.8% | 0.9% |

The directors are pleased with the performance of each of these metrics year on year.

On behalf of the board

Mr J Narang
Director

27 September 2017

NARANG WHOLESALERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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 wholesalers of textiles, electrical and plumbing goods and beers, wines, spirits and other beverages.

Directors

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

Mr M Y Hussain

Mr J Kalsi

Mr J Pauley

Mr J Narang

(Resigned 6 January 2016)

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

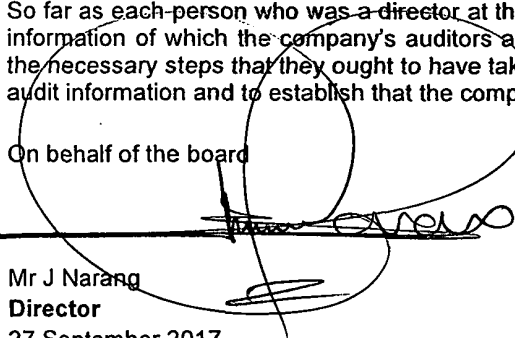
Auditors

The auditors, Henton & Co LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

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 auditors are 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 auditors are aware of that information.

On behalf of the board



Mr J Narang

Director

27 September 2017

NARANG WHOLESALERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

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 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; and
- 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.

NARANG WHOLESALERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NARANG WHOLESALERS LIMITED

We have audited the financial statements of Narang Wholesalers Limited for the year ended 31 December 2016 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 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.

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 any material misstatements in the Strategic Report and the Directors' Report.

NARANG WHOLESALERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NARANG WHOLESALERS LIMITED

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.



Mr Nadeem Ahmed (Senior Statutory Auditor)
for and on behalf of Henton & Co LLP

27 September 2017

Chartered Accountants
Statutory Auditor

118 North Street
Leeds
West Yorkshire
United Kingdom
LS2 7PN

NARANG WHOLESALERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | 2016 £ | 2015 £ |
|------------------------------------------------|-------|------------------|------------------|
| Turnover | 3 | 21,266,879 | 24,566,577 |
| Cost of sales | | (18,337,013) | (21,894,163) |
| Gross profit | | 2,929,866 | 2,672,414 |
| Administrative expenses | | (2,705,522) | (2,411,847) |
| Other operating income | | 39,863 | 33,278 |
| Operating profit | 4 | 264,207 | 293,845 |
| Interest payable and similar charges | 6 | (33,815) | (30,471) |
| Change in fair value of financial assets | 7 | 200,000 | - |
| Profit before taxation | | 430,392 | 263,374 |
| Taxation | 8 | (45,639) | (61,236) |
| Profit for the financial year | | 384,753 | 202,138 |
| Total comprehensive income for the year | | 384,753 | 202,138 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NARANG WHOLESALERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|----------------------------------------------------------------|-------|-------------|---|-------------|---|
| Fixed assets | | | | | |
| Goodwill | 10 | 216,000 | | 234,000 | |
| Other intangible assets | 10 | 8,000 | | 10,000 | |
| | | | | | |
| Total intangible assets | | 224,000 | | 244,000 | |
| Tangible assets | 11 | 451,400 | | 470,876 | |
| Investment properties | 12 | 950,000 | | 750,000 | |
| | | | | | |
| | | 1,625,400 | | 1,464,876 | |
| Current assets | | | | | |
| Stocks | 13 | 5,204,034 | | 5,072,682 | |
| Debtors | 14 | 3,403,823 | | 3,389,614 | |
| Cash at bank and in hand | | 333,979 | | 402,249 | |
| | | | | | |
| | | 8,941,836 | | 8,864,545 | |
| Creditors: amounts falling due within one year | 15 | (5,436,070) | | (5,509,253) | |
| | | | | | |
| Net current assets | | 3,505,766 | | 3,355,292 | |
| | | | | | |
| Total assets less current liabilities | | 5,131,166 | | 4,820,168 | |
| | | | | | |
| Creditors: amounts falling due after more than one year | 16 | (30,524) | | (106,413) | |
| | | | | | |
| Provisions for liabilities | 19 | (31,847) | | (29,713) | |
| | | | | | |
| Net assets | | 5,068,795 | | 4,684,042 | |
| | | | | | |
| Capital and reserves | | | | | |
| Called up share capital | 22 | 2 | | 2 | |
| Revaluation reserve | | 579,891 | | 579,891 | |
| Profit and loss reserves | | 4,488,902 | | 4,104,149 | |
| | | | | | |
| Total equity | | 5,068,795 | | 4,684,042 | |

The financial statements were approved by the board of directors and authorised for issue on 27 September 2017 and are signed on its behalf by:

Mr J Narang
Director

Company Registration No. 03083607

NARANG WHOLESALERS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | Share capital £ | Revaluation reserve £ | Profit and loss reserves £ | Total £ |
|----------------------------------------------------|-------|--------------------|--------------------------|-------------------------------|------------|
| Balance at 1 January 2015 | | 2 | 579,891 | 4,002,011 | 4,581,904 |
| Period ended 31 December 2015: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 202,138 | 202,138 |
| Dividends | 9 | - | - | (100,000) | (100,000) |
| Balance at 31 December 2015 | | 2 | 579,891 | 4,104,149 | 4,684,042 |
| Period ended 31 December 2016: | | | | | |
| Profit and total comprehensive income for the year | | - | - | 384,753 | 384,753 |
| Balance at 31 December 2016 | | 2 | 579,891 | 4,488,902 | 5,068,795 |

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Narang Wholesalers Limited is a company limited by shares incorporated in England and Wales. The registered office is Narang House, 121 City Road, Bradford, BD8 8JR.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has applied the disclosure exemptions available within FRS 102 as a result of it being a subsidiary of Narang Group Limited, a company which has prepared consolidated accounts to 31 December 2016. As a result, these financial statements do not include a statement of cash flows or certain disclosures relating to classification of financial instruments.

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 Turnover

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 discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life, which has been assessed as 20 years.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation 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:

| | |
|---------------|---------|
| Design rights | 5 years |
|---------------|---------|

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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 Freehold | 2% straight line |
| Land and buildings Leasehold | 2% straight line |
| Plant and machinery | 20% reducing balance |
| Fixtures, fittings & equipment | 15% and 20% reducing balance |
| Motor vehicles | 20% 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.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be ascertained without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.9 Stocks

Stocks 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 stocks to their present location and condition.

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

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.11 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.

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.

Other financial assets

Other financial assets 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.

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.

Classification of 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.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Other financial liabilities

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.

Derecognition of financial liabilities

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

1.12 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.

1.13 Taxation

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

NARANG WHOLESALERS LIMITED

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

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.17 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 profit and loss account for the period.

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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.

Key areas of judgement and estimation relate to provisions against stocks and doubtful debt, but the directors are satisfied that there is no significant risk of material misstatement arising.

3 Turnover and other revenue

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

| | 2016 £ | 2015 £ |
|-------------------------------------------------|-------------------|-------------------|
| Turnover | | |
| Wholesale of wines, spirits and other beverages | 18,255,247 | 21,369,138 |
| Wholesale of electrical and plumbing supplies | 2,001,932 | 2,189,759 |
| Wholesale of textiles | 1,009,700 | 1,007,680 |
| | <u>21,266,879</u> | <u>24,566,577</u> |

Turnover analysed by geographical market

| | 2016 £ | 2015 £ |
|----------------|-------------------|-------------------|
| United Kingdom | <u>21,266,879</u> | <u>24,566,577</u> |

4 Operating profit

| | 2016 £ | 2015 £ |
|--------------------------------------------------------------------------------------------|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange losses/(gains) | 65,158 | 31,004 |
| Fees payable to the company's auditors for the audit of the company's financial statements | 13,000 | 13,000 |
| Depreciation of owned tangible fixed assets | 54,853 | 60,114 |
| Depreciation of tangible fixed assets held under finance leases | 10,932 | 9,542 |
| (Profit)/loss on disposal of tangible fixed assets | (3,569) | 18,445 |
| Amortisation of intangible assets | 20,000 | 18,000 |
| Cost of stocks recognised as an expense | <u>17,982,165</u> | <u>21,520,287</u> |

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Directors' remuneration

| | 2016 £ | 2015 £ |
|---------------------------------------------------------------|---------------|---------------|
| Remuneration for qualifying services | 39,400 | 39,400 |
| Company pension contributions to defined contribution schemes | 6,761 | 6,903 |
| | <u>46,161</u> | <u>46,303</u> |

6 Interest payable and similar charges

| | 2016 £ | 2015 £ |
|--------------------------------------------------------|---------------|---------------|
| Interest on bank overdrafts and loans | 32,937 | 29,099 |
| Interest on finance leases and hire purchase contracts | 878 | 1,372 |
| | <u>33,815</u> | <u>30,471</u> |

7 Change in fair value of financial assets

| | 2016 £ | 2015 £ |
|-------------------------------------------------------------------------------|----------------|-----------|
| Fair value gains/(losses) on financial instruments | | |
| Change in value of financial assets held at fair value through profit or loss | 200,000 | - |
| | <u>200,000</u> | <u>-</u> |

8 Taxation

| | 2016 £ | 2015 £ |
|------------------------------------------------------|---------------|----------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 43,505 | 70,206 |
| | <u>43,505</u> | <u>70,206</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 2,134 | (8,970) |
| | <u>2,134</u> | <u>(8,970)</u> |
| Total tax charge | <u>45,639</u> | <u>61,236</u> |

NARANG WHOLESALERS LIMITED

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

8 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

| | 2016 £ | 2015 £ |
|------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit before taxation | 430,392 | 263,374 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%) | 86,078 | 52,675 |
| Tax effect of expenses that are not deductible in determining taxable profit | 1,613 | - |
| Tax effect of income not taxable in determining taxable profit | (40,714) | - |
| Group relief | (6,928) | - |
| Permanent capital allowances in excess of depreciation | (544) | - |
| Depreciation on assets not qualifying for tax allowances | - | 4,200 |
| Amortisation on assets not qualifying for tax allowances | 4,000 | 3,600 |
| Tax at marginal rate | - | 761 |
| Deferred tax | 2,134 | - |
| Tax expense for the year | 45,639 | 61,236 |

9 Dividends

| | 2016 £ | 2015 £ |
|------------|-----------|-----------|
| Final paid | - | 100,000 |
| | - | 100,000 |

10 Intangible fixed assets

| | Goodwill £ | Design rights £ | Total £ |
|----------------------------------------|---------------|--------------------|------------|
| Cost | | | |
| At 1 January 2016 and 31 December 2016 | 360,000 | 10,000 | 370,000 |
| Amortisation and impairment | | | |
| At 1 January 2016 | 126,000 | - | 126,000 |
| Amortisation charged for the year | 18,000 | 2,000 | 20,000 |
| At 31 December 2016 | 144,000 | 2,000 | 146,000 |
| Carrying amount | | | |
| At 31 December 2016 | 216,000 | 8,000 | 224,000 |
| At 31 December 2015 | 234,000 | 10,000 | 244,000 |

NARANG WHOLESALERS LIMITED

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

11 Tangible fixed assets

| | Land and buildings Freehold £ | Land and buildings Leasehold £ | Plant and machinery £ | Fixtures, Motor vehicles fittings & equipment £ | £ | Total £ |
|------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------|----------------------------------------------------------|----------|------------|
| Cost | | | | | | |
| At 1 January 2016 | 200,000 | 75,000 | 25,736 | 301,773 | 233,194 | 835,703 |
| Additions | - | - | 4,000 | 10,934 | 42,721 | 57,655 |
| Disposals | - | - | - | - | (58,686) | (58,686) |
| At 31 December 2016 | 200,000 | 75,000 | 29,736 | 312,707 | 217,229 | 834,672 |
| Depreciation and impairment | | | | | | |
| At 1 January 2016 | 9,000 | 12,000 | 17,472 | 173,315 | 153,040 | 364,827 |
| Depreciation charged in the year | 7,000 | 10,500 | 2,453 | 23,526 | 22,306 | 65,785 |
| Eliminated in respect of disposals | - | - | - | - | (47,340) | (47,340) |
| At 31 December 2016 | 16,000 | 22,500 | 19,925 | 196,841 | 128,006 | 383,272 |
| Carrying amount | | | | | | |
| At 31 December 2016 | 184,000 | 52,500 | 9,811 | 115,866 | 89,223 | 451,400 |
| At 31 December 2015 | 191,000 | 63,000 | 8,264 | 128,458 | 80,154 | 470,876 |

NARANG WHOLESALERS LIMITED

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

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £10,932 (2015 - £9,542) for the year.

| | 2016 £ | 2015 £ |
|----------------|-----------|-----------|
| Motor vehicles | 43,730 | 38,164 |

12 Investment property

| | 2016 £ |
|----------------------------------------------------|-----------|
| Fair value | |
| At 1 January 2016 | 750,000 |
| Net gains or losses through fair value adjustments | 200,000 |
| At 31 December 2016 | 950,000 |

Investment property comprises properties held by the company for rental income purposes. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

13 Stocks

| | 2016 £ | 2015 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 5,204,034 | 5,072,682 |

14 Debtors

| | 2016 £ | 2015 £ |
|---------------------------------------------|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,920,705 | 1,820,102 |
| Other debtors | 1,376,516 | 1,419,753 |
| Prepayments and accrued income | 106,602 | 149,759 |
| | 3,403,823 | 3,389,614 |

NARANG WHOLESALERS LIMITED

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

15 Creditors: amounts falling due within one year

| | Notes | 2016 £ | 2015 £ |
|------------------------------------|-------|------------------|------------------|
| Loans and overdrafts | 17 | 1,317,216 | 1,595,409 |
| Obligations under finance leases | 18 | 20,335 | 11,393 |
| Trade creditors | | 3,318,994 | 3,330,022 |
| Amount due to parent undertaking | | 38,625 | 63,637 |
| Corporation tax | | 106,088 | 78,190 |
| Other taxation and social security | | 43,032 | 112,174 |
| Other creditors | | 431,977 | 89,686 |
| Accruals and deferred income | | 159,803 | 228,742 |
| | | <u>5,436,070</u> | <u>5,509,253</u> |

16 Creditors: amounts falling due after more than one year

| | Notes | 2016 £ | 2015 £ |
|----------------------------------|-------|---------------|----------------|
| Loans and overdrafts | 17 | 5,308 | 94,041 |
| Obligations under finance leases | 18 | 25,216 | 12,372 |
| | | <u>30,524</u> | <u>106,413</u> |

17 Loans and overdrafts

| | 2016 £ | 2015 £ |
|-------------------------|------------------|------------------|
| Bank loans | 93,411 | 186,330 |
| Bank overdrafts | 1,139,310 | 1,319,744 |
| Directors' loans | 89,803 | 158,376 |
| Other loans | - | 25,000 |
| | <u>1,322,524</u> | <u>1,689,450</u> |
| Payable within one year | 1,317,216 | 1,595,409 |
| Payable after one year | 5,308 | 94,041 |

The long-term loans are secured by fixed and floating charges over the undertaking and all property and assets of the company.

Finance lease assets are secured on the underlying assets.

NARANG WHOLESALERS 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 | 20,335 | 11,393 |
| In two to five years | 25,216 | 12,372 |
| | <u>45,551</u> | <u>23,765</u> |

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

19 Provisions for liabilities

| | 2016 £ | 2015 £ |
|--------------------------|---------------|---------------|
| Deferred tax liabilities | 31,847 | 29,713 |
| | <u>31,847</u> | <u>29,713</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 £ |
|--------------------------------|--------------------------|--------------------------|
| Balances: | | |
| Accelerated capital allowances | <u>31,847</u> | <u>29,713</u> |

21 Retirement benefit schemes

Defined contribution schemes

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.

The charge to profit and loss in respect of defined contribution schemes was £6,761 (2015 - £6,903).

NARANG WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

22 Share capital

| | 2016 £ | 2015 £ |
|----------------------------------|-------------------|-------------------|
| Ordinary share capital | | |
| Authorised | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| | <u> </u> | <u> </u> |
| Issued and fully paid | | |
| 2 Ordinary shares of £1 each | 2 | 2 |
| | <u> </u> | <u> </u> |

23 Financial commitments, guarantees and contingent liabilities

HSBC Bank plc has given a guarantee dated 30 March 1999 for £30,000 in favour of HM Revenue & Customs.

The company has given a cross guarantee dated 19 May 1998 to the bank in respect of Region Enterprises Limited, a connected company.

24 Related party transactions

No guarantees have been given or received, with related parties.

The company has taken advantage of the exemption available in accordance with FRS 102 not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

At the balance sheet date, the company was owed by Region Enterprises Limited, a company under the control of J S Narang, £1,110,345 (2015 - £1,171,145).

At the balance sheet date, J.S.Narang (a director of this company) and his close family were owed £89,803 by the company (2015 - £158,377).