

# Financial Statements Advanced Maintenance Supplies Limited

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For the Period Ended 31 December 2016



Registered number: 03644623

**Advanced Maintenance Supplies Limited**

## Company Information

<b>Directors</b>	L N W Willitts B C Noakes M E Rees S Lister A Riley
<b>Company secretary</b>	A Riley
<b>Registered number</b>	03644623
<b>Registered office</b>	Shelah Road Halesowen West Midlands B63 3XL
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham B4 6AT
<b>Bankers</b>	Royal Bank of Scotland 79-83 Colmore Row Birmingham B3 2BA

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# Strategic Report

**For the Period Ended 31 December 2016**

## **Business review and principal risks and uncertainties**

The company's key performance indicators are turnover, which was £4,965,337 for the seven month period ended 31 December 2016 (year ended 31 May 2016 - £9,638,430), and profit before taxation, which was £392,568 for the seven month period ended 31 December 2016 (year ended 31 May 2016 - £1,352,061). The Directors are satisfied with the company's performance and expect the performance seen during the period to be maintained.

The success of the business is affected by economic cycles, particularly in the engineering and transport infrastructure sectors in which the company's customers operate. This risk is partially mitigated by no single customer representing a significant proportion of turnover. Pressures arising from the general economic situation together with the highly competitive market in which the company operates, results in constant pressure on margins. This risk is mitigated by the high levels of customer service provided.

## **Financial risk management objectives and policies**

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

During the period the company has been exposed to credit risk and liquidity risk. The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position.

### **Credit risk**

The company's principal financial assets are cash at bank and trade debtors, which represent the most significant exposure to credit risk in relation to financial assets. Credit risk is managed by continually evaluating the creditworthiness of individual customers. Trade debtors are stated net of provision for specific doubtful debts, which are based on the circumstances of individual customers in the context of the prevailing economic climate.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a larger number of customers.

### **Liquidity risk**

The company has a policy of continuous assessment of its funding requirements and arranges financing with regard to its operational needs. The directors are confident that the company has adequate financial resources for the foreseeable future.

## **Strategic Report**

**For the Period Ended 31 December 2016**

### **Payments of creditors**

The company's policy in relation to the payment of suppliers is to seek the best possible terms from suppliers appropriate to its business and in placing orders gives consideration to quality, price and terms of payment which will be agreed with suppliers when the details of transactions are settled. The company will continue to honour its contractual obligations and pay creditors on the dates agreed in contracts and purchase orders.

This report was approved by the board on **7 June 2017** and signed on its behalf.



**B C Noakes**  
**Director**

## **Directors' Report**

**For the Period Ended 31 December 2016**

The directors present their report and the financial statements for the seven month period ended 31 December 2016.

### **Principal activity**

The principal activity of the company in the period under review was that of the supply of engineering products.

### **Results and dividends**

The profit for the period, after taxation, amounted to £345,155 (year ended 31 May 2016 - £1,075,823).

During the period a dividend of £1,000,000 (year ended 31 May 2016 - £400,000) was paid.

### **Directors**

The directors who served during the period were:

L N W Willitts  
B C Noakes  
M E Rees  
S Lister  
A Riley

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 for the Company's financial statements 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.

### **Matters covered in the strategic report**

The business review, principal risks and uncertainties and financial risk management objectives and policies have been included in the Strategic Report.

## Directors' Report (continued)

For the Period Ended 31 December 2016

### Disclosure of information to auditor

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

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

### Auditor

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

This report was approved by the board on 7 June 2017 and signed on its behalf.



**B C Noakes**  
Director



## Independent Auditor's Report to the Members of Advanced Maintenance Supplies Limited

We have audited the financial statements of Advanced Maintenance Supplies Limited for the period ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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 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**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the period 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.





## Independent Auditor's Report to the Members of Advanced Maintenance Supplies Limited (continued)

### **Opinion on other matters 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 period for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic Report and the Directors' Report been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report under the Companies Act 2006**

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; or

*Grant Thornton UK LLP*

Kathryn Godfree (Senior Statutory Auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Birmingham  
Date: *9 June 2017*

**Advanced Maintenance Supplies Limited**

**Statement of Comprehensive Income**  
**For the Period Ended 31 December 2016**

		Period ended 31 December 2016 £	Year ended 31 May 2016 £
	Note		
Turnover	4	4,965,337	9,638,430
Cost of sales		(3,280,938)	(6,051,091)
<b>Gross profit</b>		<b>1,684,399</b>	<b>3,587,339</b>
Administrative expenses		(1,289,649)	(2,232,307)
<b>Operating profit</b>	5	<b>394,750</b>	<b>1,355,032</b>
Interest payable and expenses	9	(2,182)	(2,971)
<b>Profit on ordinary activities before tax</b>		<b>392,568</b>	<b>1,352,061</b>
Tax on profit on ordinary activities	10	(47,413)	(276,238)
<b>Profit for the financial period</b>		<b>345,155</b>	<b>1,075,823</b>
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		<b>345,155</b>	<b>1,075,823</b>

There were no recognised gains and losses for the period ended 31 December 2016 or the year ended 31 May 2016 other than those included in the statement of comprehensive income.

The notes on pages 10 to 24 form part of these financial statements.

# Statement of Financial Position

As at 31 December 2016

	Note	31 December 2016 £	31 May 2016 £
<b>Fixed assets</b>			
Tangible assets	12	138,848	155,462
<b>Current assets</b>			
Stocks	13	603,885	531,202
Debtors: amounts falling due within one year	14	2,000,741	2,443,383
Cash at bank and in hand	15	293,583	849,064
		<u>2,898,209</u>	<u>3,823,649</u>
Creditors: amounts falling due within one year	16	(1,529,945)	(1,810,683)
<b>Net current assets</b>		<u>1,368,264</u>	<u>2,012,966</u>
<b>Total assets less current liabilities</b>		<u>1,507,112</u>	<u>2,168,428</u>
Creditors: amounts falling due after more than one year	17	-	(6,471)
<b>Net assets</b>		<u><u>1,507,112</u></u>	<u><u>2,161,957</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Profit and loss account	21	1,507,012	2,161,857
<b>Shareholders' funds</b>		<u><u>1,507,112</u></u>	<u><u>2,161,957</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 June 2017



**B C Noakes**  
Director

The notes on pages 10 to 24 form part of these financial statements.

**Advanced Maintenance Supplies Limited**

## Statement of Changes in Equity

For the Period Ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 June 2016	100	2,161,857	2,161,957
<b>Comprehensive income for the period</b>			
Profit for the period	-	345,155	345,155
<b>Total comprehensive income for the period</b>	-	345,155	345,155
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
<b>At 31 December 2016</b>	<b>100</b>	<b>1,507,012</b>	<b>1,507,112</b>

## Statement of Changes in Equity

For the Period Ended 31 May 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 June 2015	100	1,486,034	1,486,134
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,075,823	1,075,823
<b>Total comprehensive income for the year</b>	-	1,075,823	1,075,823
Dividends: Equity capital	-	(400,000)	(400,000)
<b>At 31 May 2016</b>	<b>100</b>	<b>2,161,857</b>	<b>2,161,957</b>

The notes on pages 10 to 24 form part of these financial statements.

# Notes to the Financial Statements

For the Period Ended 31 December 2016

## **1. General information**

Advanced Maintenance Supplies Limited is a limited liability company incorporated in England and Wales. Its registered office is located at Shelah Road, Halesowen, West Midlands, B63 3XL.

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hayley Group Limited as at 31 December 2016 and these financial statements may be obtained from Shelah Road, Halesowen, West Midlands, B63 3XL.

### **2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### **Sale of goods**

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

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

## Notes to the Financial Statements

For the Period Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.4 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

#### 2.6 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

# Notes to the Financial Statements

For the Period Ended 31 December 2016

## 2. Accounting policies (continued)

### 2.7 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Long leasehold property	- straight line over the life of the lease
Plant & machinery	- 20% reducing balance
Motor vehicles	- 20% reducing balance
Fixtures, fittings and equipment	- 20% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

### 2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.9 Debtors

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

### 2.10 Cash and cash equivalents

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

## Notes to the Financial Statements

For the Period Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.11 Creditors

Short term creditors are measured at the transaction price.

#### 2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### 2.14 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.



## Notes to the Financial Statements

For the Period Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.15 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

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

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

#### 2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

# Notes to the Financial Statements

For the Period Ended 31 December 2016

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

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. The items in the financial statements where these judgements and estimates have been made include:

### Trade debtors

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the company's customers to make required payments. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers

### Stock

Certain factors could affect the realisable value of the company's stocks, including customer demand and market conditions. The company considers usage, anticipated sales price, effect of new product introductions, product obsolescence and other factors when evaluating the value.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

## 4. Turnover

An analysis of turnover by class of business is as follows:

	Period ended 31 December 2016 £	Year ended 31 May 2016 £
Engineering products	4,965,337	9,638,430

All turnover arose within the United Kingdom.

## 5. Operating profit

The operating profit is stated after charging:

	Period ended 31 December 2016 £	Year ended 31 May 2016 £
Depreciation of tangible fixed assets	29,350	60,630
Exchange differences	1,986	3,966
Operating lease rentals: land and buildings	28,423	47,506
Operating lease rentals: other	35,734	53,308

# Notes to the Financial Statements

For the Period Ended 31 December 2016

## 6. Auditor's remuneration

	Period ended 31 December 2016 £	Year ended 31 May 2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,000	9,000

## 7. Employees

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

	Period ended 31 December 2016 £	Year ended 31 May 2016 £
Wages and salaries	654,884	1,172,519
Social security costs	76,027	134,202
Cost of defined contribution scheme	34,278	92,536
	765,189	1,399,257

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

	Period ended 31 December 2016 No.	Year ended 31 May 2016 No.
Employees not including directors	31	31
Directors	5	5
	36	36

# Notes to the Financial Statements

For the Period Ended 31 December 2016

## 8. Directors' remuneration

	Period ended 31 December 2016 £	Year ended 31 May 2016 £
Directors' emoluments	153,733	258,143
Company contributions to defined contribution pension schemes	17,500	30,000
	<u>171,233</u>	<u>288,143</u>

During the year retirement benefits were accruing to 2 directors (2016 -2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £58k (2016 - £116k).

## 9. Interest payable and similar charges

	Period ended 31 December 2016 £	Year ended 31 May 2016 £
Finance leases and hire purchase contracts	2,182	2,971

## 10. Taxation

	Period ended 31 December 2016 £	Year ended 31 May 2016 £
<b>Corporation tax</b>		
Current tax on profits for the period	50,003	280,363
Adjustments in respect of previous periods	-	12,141
<b>Total current tax</b>	<u>50,003</u>	<u>292,504</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,681)	(4,348)
Changes to tax rates	91	(302)
Adjustment to prior period	-	(11,616)
<b>Total deferred tax</b>	<u>(2,590)</u>	<u>(16,266)</u>
<b>Taxation on profit on ordinary activities</b>	<u>47,413</u>	<u>276,238</u>

# Notes to the Financial Statements

For the Period Ended 31 December 2016

## 10. Taxation (continued)

The tax assessed for the period/year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	Period ended 31 December 2016 £	Year ended 31 May 2016 £
Profit on ordinary activities before tax	392,568	1,352,061
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	78,514	270,412
<b>Effects of:</b>		
Fixed asset differences	124	1,910
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,292	6,580
Effects of changes to deferred tax rate	565	(302)
Other timing differences	(375)	(2,887)
Adjustments to tax charge in respect of prior periods	-	525
Group relief	(37,707)	-
<b>Total tax charge for the period/year</b>	<b>47,413</b>	<b>276,238</b>

## 11. Dividends

	Period ended 31 December 2016 £	Year ended 31 May 2016 £
Dividends paid on equity capital	1,000,000	400,000

# Notes to the Financial Statements

For the Period Ended 31 December 2016

## 12. Tangible fixed assets

	Long leasehold £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>					
At 1 June 2016	6,932	1,895	132,282	198,077	339,186
Additions	-	-	32,081	595	32,676
Disposals	-	-	(33,598)	-	(33,598)
At 31 December 2016	6,932	1,895	130,765	198,672	338,264
<b>Depreciation</b>					
At 1 June 2016	6,932	784	50,322	125,686	183,724
Charge for the period	-	130	11,590	17,630	29,350
Disposals	-	-	(13,658)	-	(13,658)
At 31 December 2016	6,932	914	48,254	143,316	199,416
<b>Net book value</b>					
At 31 December 2016	-	981	82,511	55,356	138,848
At 31 May 2016	-	1,111	81,960	72,391	155,462

The net book value of assest held under finance lease or hire purchase contratcs, included above are as follows:

	31 December 2016 £	31 May 2016 £
Motor Vehicles	10,917	55,761

The depreciation charged in the period in respect of assets held under finance lease and hire purchase contracts amounted to £1,442 (year ended 31 May 2016: £19,657).

# Notes to the Financial Statements

For the Period Ended 31 December 2016

## 13. Stocks

	31 December 2016 £	31 May 2016 £
Finished goods and goods for resale	603,885	531,202

An impairment loss of £13,499 (year ended 31 May 2016 - £15,183) was recognised in the statement of comprehensive income during the period.

Inventory charged to the Statement of Comprehensive Income as an expense during the period was £3,345,409 (year ended 31 May 2016 - £6,120,142).

## 14. Debtors

	31 December 2016 £	31 May 2016 £
Trade debtors	1,964,888	2,404,308
Other debtors	19,094	14,572
Prepayments and accrued income	12,543	22,877
Deferred taxation	4,216	1,626
	<u>2,000,741</u>	<u>2,443,383</u>

An impairment loss of £325 (year ended 31 May 2016: £5,648) was recognised in the Statement of Comprehensive Income during the year.

## 15. Cash and cash equivalents

	31 December 2016 £	31 May 2016 £
Cash at bank and in hand	293,583	849,064

# Notes to the Financial Statements

For the Period Ended 31 December 2016

## 16. Creditors: Amounts falling due within one year

	31 December 2016 £	31 May 2016 £
Trade creditors	926,050	897,742
Amounts owed to group undertakings	342,643	376,954
Amounts owed to related parties	47,752	-
Corporation tax	50,003	160,363
Other taxation and social security	94,031	293,359
Obligations under finance lease and hire purchase contracts	3,597	16,364
Accruals and deferred income	65,869	65,901
	<u>1,529,945</u>	<u>1,810,683</u>

## 17. Creditors: Amounts falling due after more than one year

	31 December 2016 £	31 May 2016 £
Net obligations under finance leases and hire purchase contracts	-	6,471
	<u>-</u>	<u>6,471</u>

Obligations under finance leases are secured against the related asset.



# Notes to the Financial Statements

For the Period Ended 31 December 2016

## 18. Financial instruments

	31 December 2016 £	31 May 2016 £
<b>Financial assets</b>		
Cash and cash equivalents	293,583	849,064
Financial assets measured at amortised cost	1,983,982	2,418,880
	<u>2,277,565</u>	<u>3,267,944</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,385,911)</u>	<u>(1,363,432)</u>

Financial assets measured at amortised cost comprise of cash and cash equivalents, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, amounts owed to related parties, obligations under finance leases and hire purchase contracts and accruals.

## 19. Deferred taxation

	31 December 2016 £	31 May 2016 £
At beginning of year	1,626	(14,640)
Charged to profit or loss	2,590	16,266
<b>At end of year</b>	<u>4,216</u>	<u>1,626</u>

The deferred tax asset is made up as follows:

	31 December 2016 £	31 May 2016 £
Fixed asset timing differences	<u>4,216</u>	<u>1,626</u>

## Notes to the Financial Statements

For the Period Ended 31 December 2016

### 20. Share capital

	31 December 2016 £	31 May 2016 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Share capital represents the nominal value of shares that have been issued. There are no restrictions on the one class of share capital.

### 21. Reserves

#### Profit & loss account

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

### 22. Contingent liabilities

The Royal Bank of Scotland hold an unlimited multi-party guarantee, dated 10 February 2010, executed by Hayley Group Limited, Hayley Holdings Limited, Bearing Man Limited and Advanced Maintenance Supplies Limited over borrowings of £7,437,471 (31 May 2016: £5,866,660).

### 23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £34,278 (year ended 31 May 2016: £92,536). Contributions totalling £4,637 (31 May 2016: £2,760) were payable to the fund at the balance sheet date.

# Notes to the Financial Statements

For the Period Ended 31 December 2016

## 24. Commitments under operating leases

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

	31 December 2016 £	31 May 2016 £
<b>Land and buildings</b>		
Not later than 1 year	47,025	36,047
Later than 1 year and not later than 5 years	75,758	34,669
	<u>122,783</u>	<u>70,716</u>
	31 December 2016 £	31 May 2016 £
<b>Other</b>		
Not later than 1 year	60,036	53,923
Later than 1 year and not later than 5 years	194,712	57,360
	<u>254,748</u>	<u>111,283</u>

## 25. Controlling party

The immediate parent company and controlling party is Hayley Group Limited, a company registered in England and Wales.

The largest group of companies for which consolidated accounts are prepared is that headed by Hayley Group Limited.

There is no ultimate controlling party.