

**Strategic Report, Report of the Directors and**

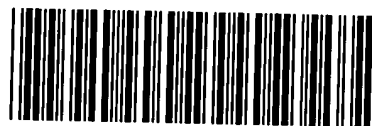
**Financial Statements**

**for the Year Ended 31 May 2017**

**for**

**SMITHS OF SMITHFIELD LIMITED**

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**SMITHS OF SMITHFIELD LIMITED**

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for the Year Ended 31 May 2017**

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**SMITHS OF SMITHFIELD LIMITED**

**Company Information  
for the Year Ended 31 May 2017**

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**DIRECTORS:**

R Munding  
H Williams  
J Ratcliffe  
R Smithson  
C Clarke

**REGISTERED OFFICE:**

67-77 Charterhouse Street  
London  
EC1M 6HJ

**REGISTERED NUMBER:**

03704349 (England and Wales)

**AUDITORS:**

Pembroke Briggs Chartered Accountants  
Clive House  
12-18 Queens Road  
Weybridge  
Surrey  
KT13 9XB

## **SMITHS OF SMITHFIELD LIMITED**

### **Strategic Report for the Year Ended 31 May 2017**

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The directors present their strategic report for the year ended 31 May 2017.

#### **REVIEW OF BUSINESS**

The company made a loss after tax of £452,727 (2016 £328,559 profit).

Smiths of Smithfield specialise in traditional British cuisine and are considered by the Directors to represent what is now an established brand within its sector.

The Directors are currently undertaking a detailed strategic review in order to achieve a return to profitability in the foreseeable future.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

There are a number of potential risks and uncertainties which could have a material impact on the company's long term performance and which could cause actual results to differ from those expected. These can be summarised as follows.

The Directors believe that the Group is well placed to manage its business risks successfully. The Directors have reviewed future forecasts and strategic plans, which when compared to the current cash available, lead the Directors to have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the next twelve months. The Directors have made this assessment by reviewing future strategic plans. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### **BUSINESS AND INDUSTRY RISKS**

If the company adopts the wrong business strategy or does not implement it effectively the business may suffer. In industry specific context this requires the Directors and management to continually monitor trends and developments in the popular entertainment sector.

#### **FINANCIAL STRATEGY**

Risks relate to an incorrect or unclear financial strategy and the failure to achieve financial plans. Weak performance could put pressure on profits and cashflows. To manage this risk financial performance is regularly reviewed by the Board. Detailed plans and budgets are set for the Company to drive delivery.

#### **FAILURE TO COMPETE EFFECTIVELY**

Failure to compete on areas including range, price, quality and service could lead to a reduction in customer loyalty and new customers. This could impact our market share, sales and profitability. This is managed by the Company's long established presence in this specialised sector. Our management team regularly reviews markets, trading opportunities and competitor activities to ensure that our offer remains relevant and compelling to our customers.

## **SMITHS OF SMITHFIELD LIMITED**

### **Strategic Report for the Year Ended 31 May 2017**

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#### **RESTAURANT ESTATE**

Successful performance of the business requires that the Company retains the right sites and the appropriate lease terms as well as developing the trading space to drive increased footfall and customer spend. As above our management team continually reviews the performance of the store estate. In addition professional and experience external advice is continually utilised where required to assist with Restaurant Estate matters.

#### **KEY PERFORMANCE INDICATORS**

The Board monitors KPI's on a regular basis and where they differ significantly from expectations an investigation is undertaken. The following KPI's are monitored on a regular basis and the principal key performance indicators are summarised below:

Revenue £6.2 million (2016 £7.7 million)  
Gross Profit Margin 71% (2016 70%)  
Operating Loss £166,286 (2016 £451,582 profit)

In addition company cashflows are monitored on a daily basis

#### **Financial Overview**

The financial performance of the business as set out in the Key Performance Indicators is not considered to be satisfactory. However the gross margins remain consistent and appropriate strategic measures will be taken to restore profitability.

#### **ON BEHALF OF THE BOARD:**



R Munding - Director

8 November 2017

## **SMITHS OF SMITHFIELD LIMITED**

### **Report of the Directors for the Year Ended 31 May 2017**

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The directors present their report with the financial statements of the company for the year ended 31 May 2017.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 May 2017.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 June 2016 to the date of this report.

R Munding  
H Williams  
J Ratcliffe  
R Smithson  
C Clarke

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**SMITHS OF SMITHFIELD LIMITED**

**Report of the Directors  
for the Year Ended 31 May 2017**

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Pembroke Briggs Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



R Munding - Director

8 November 2017

**Report of the Independent Auditors to the Members of  
Smiths of Smithfield Limited**

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We have audited the financial statements of Smiths of Smithfield Limited for the year ended 31 May 2017 on pages eight to twenty three. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page four, 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 Report of the Directors 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 May 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.



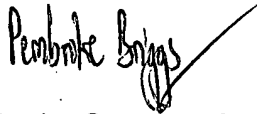
**Report of the Independent Auditors to the Members of  
Smiths of Smithfield Limited**

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**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.



S. Briggs (Senior Statutory Auditor)  
for and on behalf of Pembroke Briggs Chartered Accountants  
Clive House  
12-18 Queens Road  
Weybridge  
Surrey  
KT13 9XB

8 November 2017

**SMITHS OF SMITHFIELD LIMITED**

**Income Statement  
for the Year Ended 31 May 2017**

	Notes	31.5.17 £	31.5.16 £
<b>TURNOVER</b>		6,193,589	7,655,780
Cost of sales		1,784,658	2,270,336
<b>GROSS PROFIT</b>		4,408,931	5,385,444
Administrative expenses		4,773,247	4,978,970
		(364,316)	406,474
Other operating income		4,982	45,108
<b>OPERATING (LOSS)/PROFIT</b>	4	(359,334)	451,582
Interest payable and similar expenses	5	51,943	60,541
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(411,277)	391,041
Tax on (loss)/profit	6	41,450	62,482
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(452,727)	328,559

The notes form part of these financial statements

**SMITHS OF SMITHFIELD LIMITED**

**Other Comprehensive Income  
for the Year Ended 31 May 2017**

	Notes	31.5.17 £	31.5.16 £
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(452,727)</b>	<b>328,559</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>(452,727)</u></b>	<b><u>328,559</u></b>

The notes form part of these financial statements

**SMITHS OF SMITHFIELD LIMITED (REGISTERED NUMBER: 03704349)**

**Balance Sheet  
31 May 2017**

	Notes	31.5.17		31.5.16	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8		2,271,760		1,045,178
<b>CURRENT ASSETS</b>					
Stocks	9	98,257		82,145	
Debtors	10	1,600,187		1,188,786	
Cash at bank		3,382		510,837	
		<u>1,701,826</u>		<u>1,781,768</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	11	1,957,699		1,628,859	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(255,873)</u>		<u>152,909</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,015,887		1,198,087
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		(1,449,179)		(220,102)
<b>PROVISIONS FOR LIABILITIES</b>	14		<u>(54,814)</u>		<u>(13,364)</u>
<b>NET ASSETS</b>			<u><u>511,894</u></u>		<u><u>964,621</u></u>

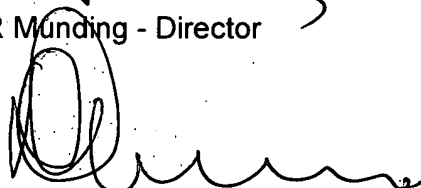
The notes form part of these financial statements

Balance Sheet - continued  
31 May 2017

	Notes	31.5.17 £	31.5.16 £
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	6,482	6,482
Capital redemption reserve	16	785,345	785,345
Retained earnings	16	(279,933)	172,794
<b>SHAREHOLDERS' FUNDS</b>		<u>511,894</u>	<u>964,621</u>

The financial statements were approved by the Board of Directors on 8 November 2017 and were signed on its behalf by:

  
R Munding - Director

  
H Williams - Director

**SMITHS OF SMITHFIELD LIMITED**

**Statement of Changes in Equity  
for the Year Ended 31 May 2017**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 1 June 2015</b>	6,482	167,235	785,345	959,062
<b>Changes in equity</b>				
Dividends	-	(323,000)	-	(323,000)
Total comprehensive income	-	328,559	-	328,559
<b>Balance at 31 May 2016</b>	6,482	172,794	785,345	964,621
<b>Changes in equity</b>				
Total comprehensive income	-	(452,727)	-	(452,727)
<b>Balance at 31 May 2017</b>	6,482	(279,933)	785,345	511,894

The notes form part of these financial statements

**SMITHS OF SMITHFIELD LIMITED**

**Cash Flow Statement  
for the Year Ended 31 May 2017**

	Notes	31.5.17 £	31.5.16 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(170,961)	1,846,249
Interest paid		(51,943)	(60,541)
Tax paid		(65,179)	(147,527)
Net cash from operating activities		<u>(288,083)</u>	<u>1,638,181</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(1,475,951)	(176,280)
Sale of tangible fixed assets		5,267	3,144
Net cash from investing activities		<u>(1,470,684)</u>	<u>(173,136)</u>
<b>Cash flows from financing activities</b>			
Shareholders' loan in year		310,500	-
Net movement on loan during year		918,577	(1,112,663)
Equity dividends paid		-	(323,000)
Net cash from financing activities		<u>1,229,077</u>	<u>(1,435,663)</u>
(Decrease)/increase in cash and cash equivalents		<u>(529,690)</u>	<u>29,382</u>
Cash and cash equivalents at beginning of year	2	509,487	480,105
Cash and cash equivalents at end of year	2	<u><u>(20,203)</u></u>	<u><u>509,487</u></u>

The notes form part of these financial statements

**SMITHS OF SMITHFIELD LIMITED**

**Notes to the Cash Flow Statement  
for the Year Ended 31 May 2017**

**1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.5.17 £	31.5.16 £
(Loss)/profit before taxation	(411,277)	391,041
Depreciation charges	244,102	212,923
Finance costs	51,943	60,541
	<u>(115,232)</u>	<u>664,505</u>
(Increase)/decrease in stocks	(16,112)	57,276
(Increase)/decrease in trade and other debtors	(411,401)	1,791,535
Increase/(decrease) in trade and other creditors	371,784	(667,067)
	<u>(170,961)</u>	<u>1,846,249</u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 May 2017**

	31.5.17 £	1.6.16 £
Cash and cash equivalents	3,382	510,837
Bank overdrafts	(23,585)	(1,350)
	<u>(20,203)</u>	<u>509,487</u>

**Year ended 31 May 2016**

	31.5.16 £	1.6.15 £
Cash and cash equivalents	510,837	480,105
Bank overdrafts	(1,350)	-
	<u>509,487</u>	<u>480,105</u>

The notes form part of these financial statements



## 1. STATUTORY INFORMATION

Smiths of Smithfield Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

## 2. ACCOUNTING POLICIES

### Basis of preparing the financial statements

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

### Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 25% on cost and 20% on cost
Plant and machinery	- 10% on cost
Fixtures and fittings	- 10% on cost

### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**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 they continue to adopt the going concern basis of accounting in preparing the financial statements.

Based on strategic plans and projections, the Directors anticipate that the Company will return to sustainable profitability within 12 months from the date of approval of the 2017 financial statements. Furthermore, the Directors and Shareholders have indicated a willingness to make available continuing financial support to the Company for the foreseeable future.

Therefore, after making enquiries and considering the uncertainties described above, the Directors have concluded that there is a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, being at least the next 12 months from the date of approval of the 2017 financial statements. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements. The financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate.

# SMITHS OF SMITHFIELD LIMITED

Notes to the Financial Statements - continued  
for the Year Ended 31 May 2017

## 3. EMPLOYEES AND DIRECTORS

	31.5.17 £	31.5.16 £
Wages and salaries	2,153,524	2,478,902
Social security costs	147,045	168,262
Other pension costs	21,773	27,218
	<u>2,322,342</u>	<u>2,674,382</u>

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

	31.5.17	31.5.16
Administration	9	9
Operational	119	113
	<u>128</u>	<u>122</u>

	31.5.17 £	31.5.16 £
Directors' remuneration	<u>92,221</u>	<u>92,811</u>

## 4. OPERATING (LOSS)/PROFIT

The operating loss (2016 - operating profit) is stated after charging:

	31.5.17 £	31.5.16 £
Depreciation - owned assets	244,102	212,923
Auditors' remuneration	15,554	9,373
Operating leases - rent	<u>518,048</u>	<u>249,747</u>

## 5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.5.17 £	31.5.16 £
Bank loan interest	46,688	60,541
Other loan interest	5,255	-
	<u>51,943</u>	<u>60,541</u>

**6. TAXATION****Analysis of the tax charge**

The tax charge on the loss for the year was as follows:

	31.5.17 £	31.5.16 £
Current tax:		
UK corporation tax	-	65,179
Deferred tax	41,450	(2,697)
Tax on (loss)/profit	<u>41,450</u>	<u>62,482</u>

**Reconciliation of total tax charge included in profit and loss**The tax assessed for the year is higher than the standard rate of corporation tax in the UK.  
The difference is explained below:

	31.5.17 £	31.5.16 £
(Loss)/profit before tax	<u>(411,277)</u>	<u>391,041</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 0% (2016 - 20%)	-	78,208
Effects of:		
Capital allowances in excess of depreciation	-	(13,029)
Movement on deferred tax provision	41,450	(2,697)
Total tax charge	<u>41,450</u>	<u>62,482</u>

**7. DIVIDENDS**

	31.5.17 £	31.5.16 £
Ordinary shares shares of 1 each		
Final	-	<u>323,000</u>

**SMITHS OF SMITHFIELD LIMITED**

**Notes to the Financial Statements - continued  
for the Year Ended 31 May 2017**

**8. TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1 June 2016	1,557,035	765,825	2,504,478	4,827,338
Additions	1,147,298	107,269	221,384	1,475,951
Disposals	-	-	(5,267)	(5,267)
At 31 May 2017	2,704,333	873,094	2,720,595	6,298,022
<b>DEPRECIATION</b>				
At 1 June 2016	1,523,664	16,871	2,241,625	3,782,160
Charge for year	152,472	14,779	76,851	244,102
At 31 May 2017	1,676,136	31,650	2,318,476	4,026,262
<b>NET BOOK VALUE</b>				
At 31 May 2017	1,028,197	841,444	402,119	2,271,760
At 31 May 2016	33,371	748,954	262,853	1,045,178

**9. STOCKS**

	31.5.17 £	31.5.16 £
Finished goods	98,257	82,145

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.5.17 £	31.5.16 £
Trade debtors	63,063	32,322
Amounts owed by group undertakings	1,180,538	913,410
Other debtors	79,154	4,330
Prepayments and accrued income	277,432	238,724
	1,600,187	1,188,786

**SMITHS OF SMITHFIELD LIMITED**

Notes to the Financial Statements - continued  
for the Year Ended 31 May 2017

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.5.17 £	31.5.16 £
Bank loans and overdrafts (see note 13)	539,034	516,799
Trade creditors	570,419	491,372
Tax	-	65,179
Social security and other taxes	285,473	220,120
Other creditors	118,647	169,243
Accrued expenses	444,126	166,146
	<u>1,957,699</u>	<u>1,628,859</u>

The bank loan and overdrafts are secured by legal charges over the leasehold properties and a fixed and floating charge over all the assets of the company.

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.5.17 £	31.5.16 £
Bank loans (see note 13)	1,138,679	220,102
Other loans (see note 13)	310,500	-
	<u>1,449,179</u>	<u>220,102</u>

The bank loan is secured by legal charges over the leasehold properties and a fixed and floating charge over all the other assets of the company.

**13. LOANS**

An analysis of the maturity of loans is given below:

	31.5.17 £	31.5.16 £
Amounts falling due within one year or on demand:		
Bank overdrafts	23,585	1,350
Bank loans	515,449	515,449
	<u>539,034</u>	<u>516,799</u>

**SMITHS OF SMITHFIELD LIMITED**

**Notes to the Financial Statements - continued  
for the Year Ended 31 May 2017**

**13. LOANS - continued**

	31.5.17 £	31.5.16 £
Amounts falling due between one and two years:		
Bank loans - 1-2 years	1,138,679	220,102
Other Loans (see Note 17)	310,500	-
	<u>1,449,179</u>	<u>220,102</u>

**14. PROVISIONS FOR LIABILITIES**

	31.5.17 £	31.5.16 £
Deferred tax	<u>54,814</u>	<u>13,364</u>
		Deferred tax £
Balance at 1 June 2016		13,364
Provided during year		<u>41,450</u>
Balance at 31 May 2017		<u>54,814</u>

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			31.5.17 £	31.5.16 £
Number:	Class:	Nominal value:		
6,482	Ordinary shares	1	<u>6,482</u>	<u>6,482</u>

**SMITHS OF SMITHFIELD LIMITED**

**Notes to the Financial Statements - continued  
for the Year Ended 31 May 2017**

**16. RESERVES**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 June 2016	172,794	785,345	958,139
Deficit for the year	(452,727)		(452,727)
At 31 May 2017	<u>(279,933)</u>	<u>785,345</u>	<u>505,412</u>

**17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 31 May 2017 and 31 May 2016:

	31.5.17 £	31.5.16 £
<b>R Munding</b>		
Balance outstanding at start of year	-	-
Amounts advanced	(200,000)	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(200,000)</u>	<u>-</u>
<b>H Williams</b>		
Balance outstanding at start of year	-	-
Amounts advanced	(15,000)	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(15,000)</u>	<u>-</u>



**17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued****R Smithson**

Balance outstanding at start of year	-	-
Amounts advanced	(14,000)	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(14,000)</u>	<u>-</u>

**J Ratcliffe**

Balance outstanding at start of year	-	-
Amounts advanced	(81,500)	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(81,500)</u>	<u>-</u>

The loans from Directors are subject to interest at base rate plus 3.3%. There is no fixed repayment date and the Directors have committed to supporting the business for the foreseeable future.

Additional tranches totalling £10,500 within the balances due from Richard Smithson and John Ratcliffe are subject to interest at base rate plus 8%.

**18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is wholly owned by Korado Limited, a company registered in England and Wales. The ultimate holding company is Longlac Holdings Limited, a company registered in Cyprus. At the balance sheet date the ultimate controlling party was Rolf Munding.