

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015**  
**FOR**  
**BAYRAM TIMBER LIMITED**

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**FOR THE YEAR ENDED 31 OCTOBER 2015**

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**BAYRAM TIMBER LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**DIRECTORS:** G Goodwin  
J A Grace  
C J Husband

**SECRETARY:** I W Jordan

**REGISTERED OFFICE:** Gibson Lane  
Melton  
North Ferriby  
Hull  
Humberside  
HU14 3HF

**REGISTERED NUMBER:** 03995988

**SENIOR STATUTORY AUDITOR:** David Miller

**AUDITORS:** Bartfields (UK) Limited  
Statutory Auditors  
4th Floor, Stockdale House  
Headingley Office Park  
8 Victoria Road  
Leeds  
LS6 1PF

**BANKERS:** Barclays Bank Plc  
2 Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

**SOLICITORS:** Andrew Jackson  
Marina Court  
Castle Street  
Hull  
HU1 1TJ

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

The directors present their strategic report for the year ended 31 October 2015.

**REVIEW OF BUSINESS**

Once again, we saw a consistent level of performance throughout the year although volumes from the supply contract obtained in 2013 were around 25% lower than last year. However, our contractual business remained very strong throughout the year and we were able to achieve growth levels of over 10% from our core leisure sector customers and we also saw similar growth levels from our customers within the garden sector.

Overall, annual sales volume and value both fell by 12% but the higher levels of added value turnover meant that we were able to maintain our average selling price, although we did see the selling price come under pressure towards the end of the year due to the impact of reducing raw material prices.

This was largely due to weaker demand from global markets and a favourable currency position and with careful control over forward purchasing contracts and the ability to carry higher stock levels, we were able to increase the benefit from this position.

Once again, the February to June period brought our peak seasonal demand from the garden sector and this placed significant pressure on our production and operational capacity. However, with increased automation and improved machinery, we were able to increase our capacity and were much better placed to meet this increased demand efficiently than previously. It also reduced our reliance on external machining facilities resulting in a significant cost saving and an overall reduction in total manufacturing costs despite a similar production volume.

We also started a program of stock building of core stock items in off peak months in an effort to improve lead times during the busy periods. Whilst this exercise was not without complications, it proved to be a success and we intend to develop it further in the current year to enhance the efficiencies it can generate.

Our recent investment strategies have also had a major benefit. We saw a £130k reduction in generator fuel cost following the installation of a more fuel efficient generator in April 2014, coupled with a reduction in fuel prices. We also received rebates of £72k from the Renewable Heat Initiative following the commissioning of the biomass boiler in December 2014. This has led to the purchase of a second boiler system which should be commissioned in March 2016 and is forecast to generate similar rebate incomes and eradicate heating oil costs completely.

The overall impact of these changes was a £228k increase in gross profit despite a reduction of £2.5million in turnover.

We continued to exercise strict cost controls although overhead costs did increase by £128k. This was largely due to increased staffing costs following the introduction of Pension Auto Enrolment and the Board decision to reward employees with improved packages following the terrific performance over the previous 3 years trading.

With a £40k reduction in finance costs, it meant that most of the increased gross profit filtered down to the net profit, which increased by over £143k to £959k, and the Board feels that this is a healthy result in a challenging market.

Market conditions are expected to remain highly competitive through 2016 although the Board are confident that the business is well placed to withstand this competition. To achieve this, the Board recognises the need to maintain tight controls, systems and procedures and will continue to analyse daily statistical reports and key performance indicators to ensure the company operates in the most cost effective manner and identify efficiencies wherever possible.

These measures have already started to bear fruit with an encouraging start to the current year, with turnover and profitability both up on the same quarter last year.

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**PRINCIPAL RISKS AND UNCERTAINTIES**

Global demand for timber and the willingness of other countries to pay significantly higher prices has already started to have an upward impact on raw material prices and there is no immediate sign that this trend will reverse. To compound this, the weakening of Sterling against the Euro has also driven prices higher, although we have taken steps to increase stock levels of raw material purchased at prices below replacement cost levels.

Although it is expected that demand will remain fairly strong, customer confidence is still tentative, particularly with the uncertainty surrounding the EU referendum and the economic outcome following. Faced with higher raw material prices, it will be difficult to secure price increases in order to protect our gross margin, particularly in the commodity type products.

This reinforces the Boards attempts to increase added value turnover, particularly in kit supply, which is more suited to the leisure sector. We are anticipating further growth from this sector as demand for UK holidays is expected to increase, particularly in view of the currency position. Within this sector, we have also seen a shift towards higher value models, including lodges and twin units, which have a higher timber content.

Despite our attempts to diversify, we are still faced with a very seasonal business model with a strong reliance upon the garden sector, which in turn, is reliant upon sustained good weather conditions and customer confidence. Not only are these factors beyond our control, the seasonality also places increased demands upon our manufacturing and storage capacities through the spring and early summer months when demand reaches its peak. However, we have taken steps to mitigate this with increased production capacity and the stock building of core items.

Payroll costs are expected to increase further with the advent of the National Living Wage and the inevitable impact this will have on wage differentials and we will also be faced with higher pension costs as Auto Enrolment contributions are increased. The Board continues to look for methods to improve productivity to balance these increases.

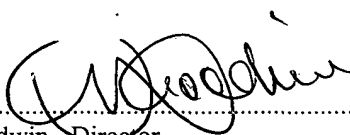
Energy and fuel costs form a significant proportion of the company's overhead although measures have been taken to reduce these. We have negotiated a 2 year fixed price contract for electricity and have purchased 3 smaller generators to replace the larger generator, which has increased our capacity to meet our increased production capacity and offer more flexibility when we do not need to run the entire facility e.g. at weekends. The existing and new biomass heating systems will generate significant cost savings and increased revenue in the coming years.

The company still generates substantial revenue from sales of wood shavings and the market price for this product is both seasonal and volatile, although demand and prices are currently very strong. The Board has renewed the annual contract with a fixed minimum price level to mitigate any risk.

We have seen another reduction in bad & doubtful debts in the year under review and a healthy increase in turnover with credit insured customers. Although our exposure with uninsured customers has reduced significantly, it still represents a potential risk but is carefully monitored and reported upon monthly.

The company continues to operate strict control systems covering accounts, sales, production, operational matters, stock control, quality control, and health and safety in order to manage these risks. These systems have recently been audited by an independent auditor and found to be robust and stringent.

**ON BEHALF OF THE BOARD:**

  
.....  
G Goodwin - Director

Date: 15/4/16 .....

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

The directors present their report with the financial statements of the company for the year ended 31 October 2015.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review remains that of adding value to kiln dried sawn softwoods, imported mainly from Scandinavia, by processing and cutting for supply in ready to assemble form to industrial end users and DIY wholesalers across the country from two factories in the Hull area.

**DIVIDENDS**

Interim dividends per share on the Ordinary 'A' £1 shares were paid as follows:

£9.759	- 19 December 2014
£204.082	- 3 April 2015
£204.082	- 14 May 2015
<u>£417.923</u>	

The directors recommend that no final dividend be paid on these shares.

No interim dividend was paid on the Ordinary £1 shares. The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the year ended 31 October 2015 will be £417,923.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 November 2014 to the date of this report.

G Goodwin  
J A Grace  
C J Husband

The company has made qualifying third party indemnity provisions for the benefit of its directors.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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.

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**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**

Bartfields (UK) Limited will be proposed for re-appointment in accordance with the Companies Act 2006.

**ON BEHALF OF THE BOARD:**

  
.....  
G Goodwin - Director

Date: .....15/4/16.....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**BAYRAM TIMBER LIMITED**

We have audited the financial statements of Bayram Timber Limited for the year ended 31 October 2015 on pages seven to twenty. 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).

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 October 2015 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 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.

**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.

David Miller (Senior Statutory Auditor)  
for and on behalf of Bartfields (UK) Limited  
Statutory Auditors  
4th Floor, Stockdale House  
Headingley Office Park  
8 Victoria Road  
Leeds  
LS6 1PF

Date: .....18/4/16.....



**BAYRAM TIMBER LIMITED (REGISTERED NUMBER: 03995988)**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

	Notes	2015 £	2014 £
<b>TURNOVER</b>		18,931,208	21,488,236
Cost of sales		15,339,734	18,124,726
<b>GROSS PROFIT</b>		3,591,474	3,363,510
Distribution costs		896,305	907,571
Administrative expenses		1,745,823	1,617,108
		2,642,128	2,524,679
		949,346	838,831
Other operating income		75,000	75,000
<b>OPERATING PROFIT</b>	3	1,024,346	913,831
Interest receivable and similar income		9,760	-
		1,034,106	913,831
Interest payable and similar charges	4	74,455	97,235
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		959,651	816,596
Tax on profit on ordinary activities	5	201,500	167,830
<b>PROFIT FOR THE FINANCIAL YEAR</b>		758,151	648,766

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

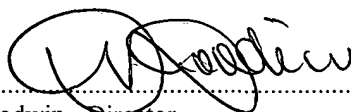
**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year.

**BALANCE SHEET**  
**31 OCTOBER 2015**

	Notes	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,021,187	962,239
<b>CURRENT ASSETS</b>			
Stocks	8	2,869,670	2,909,130
Debtors	9	3,762,199	3,978,896
Cash at bank and in hand		221,004	300,014
		<u>6,852,873</u>	<u>7,188,040</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>5,206,667</u>	<u>5,777,568</u>
<b>NET CURRENT ASSETS</b>		<u>1,646,206</u>	<u>1,410,472</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,667,393</u>	<u>2,372,711</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	(170,493)	(238,539)
<b>PROVISIONS FOR LIABILITIES</b>	15	(156,000)	(133,500)
<b>NET ASSETS</b>		<u>2,340,900</u>	<u>2,000,672</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	10,000	10,000
Capital redemption reserve	17	90,000	90,000
Profit and loss account	17	2,240,900	1,900,672
<b>SHAREHOLDERS' FUNDS</b>	23	<u>2,340,900</u>	<u>2,000,672</u>

The financial statements were approved by the Board of Directors on 15/4/16 and were signed on its behalf by:



.....  
G Goodwin - Director

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

	Notes	2015	2014
		£	£
<b>Net cash inflow from operating activities</b>	1	1,532,039	797,206
<b>Returns on investments and servicing of finance</b>	2	(64,695)	(97,235)
<b>Taxation</b>		(91,988)	(27,992)
<b>Capital expenditure</b>	2	(243,553)	(513,829)
<b>Equity dividends paid</b>		(417,923)	(102,041)
		<u>713,880</u>	<u>56,109</u>
<b>Financing</b>	2	(792,890)	97,212
<b>(Decrease)/increase in cash in the period</b>		<u>(79,010)</u>	<u>153,321</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
(Decrease)/increase in cash in the period		(79,010)	153,321
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>797,890</u>	<u>(102,212)</u>
Change in net debt resulting from cash flows		<u>718,880</u>	<u>51,109</u>
<b>Movement in net debt in the period</b>		718,880	51,109
<b>Net debt at 1 November</b>		<u>(2,629,287)</u>	<u>(2,680,396)</u>
<b>Net debt at 31 October</b>		<u>(1,910,407)</u>	<u>(2,629,287)</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2015	2014
	£	£
Operating profit	1,024,346	913,831
Depreciation charges	187,726	162,447
Profit on disposal of fixed assets	(3,121)	(53,765)
Decrease in stocks	39,460	579,997
Decrease/(increase) in debtors	211,697	(727,553)
Increase/(decrease) in creditors	71,931	(77,751)
<b>Net cash inflow from operating activities</b>	<b>1,532,039</b>	<b>797,206</b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2015	2014
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	9,760	-
Interest paid	(63,368)	(88,569)
Interest element of hire purchase payments	(11,087)	(8,666)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(64,695)</b>	<b>(97,235)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(258,553)	(612,954)
Sale of tangible fixed assets	15,000	99,125
<b>Net cash outflow for capital expenditure</b>	<b>(243,553)</b>	<b>(513,829)</b>
<b>Financing</b>		
Invoice discounting loan movement	(719,287)	(134,701)
Hire purchase capital repayments in year	(78,603)	236,913
Amount introduced by directors	5,000	-
Amount withdrawn by directors	-	(5,000)
<b>Net cash (outflow)/inflow from financing</b>	<b>(792,890)</b>	<b>97,212</b>

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.11.14 £	Cash flow £	At 31.10.15 £
Net cash:			
Cash at bank and in hand	300,014	(79,010)	221,004
	<u>300,014</u>	<u>(79,010)</u>	<u>221,004</u>
Debt:			
Hire purchase	(317,142)	78,603	(238,539)
Debts falling due within one year	(2,612,159)	719,287	(1,892,872)
	<u>(2,929,301)</u>	<u>797,890</u>	<u>(2,131,411)</u>
Total	<u>(2,629,287)</u>	<u>718,880</u>	<u>(1,910,407)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The company's business activities, together with the factors likely to affect its future development, performance and position, and the principal risks and uncertainties it faces, are set out in the Strategic Report.

The company meets its day-to-day working capital requirements through an invoice discounting facility which is variable dependent on sales. The current economic conditions create uncertainty particularly over the level of demand for the company's products and the cost of the company's raw materials. However, the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the level of its facility.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

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

Improvements to property		straight line over the life of the lease
Plant and machinery	12.5%	on cost
Fixtures and fittings	25.0%	on cost
Motor vehicles	25.0%	on cost

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Cost includes directly attributable transport and machining costs incurred in bringing the stock to its current state and location. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

**Deferred tax**

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

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Where assets are financed by leasing arrangements 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 during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

All other leases are treated as operating leases. Their annual rentals are charged/(credited) to the profit and loss account on a straight-line basis over the term of the lease.

**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 the profit and loss account in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**1. ACCOUNTING POLICIES - continued**

**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.

**Financial liability and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the instrument's legal form.

**2. STAFF COSTS**

	2015 £	2014 £
Wages and salaries	2,848,214	2,854,078
Social security costs	221,780	248,187
Other pension costs	101,442	38,104
	<u>3,171,436</u>	<u>3,140,369</u>

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

	2015	2014
Directors	3	3
Senior management	7	7
Sales/Administration	10	9
Manufacturing	111	117
	<u>131</u>	<u>136</u>

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Other operating leases	343,962	344,571
Depreciation - owned assets	135,932	129,193
Depreciation - assets on hire purchase contracts	51,794	33,258
Profit on disposal of fixed assets	(3,121)	(53,765)
Auditors remuneration	8,450	7,495
Taxation compliance services	1,930	1,550
Other non- audit services	1,390	1,540
Hire of plant and machinery - operating leases	<u>113,898</u>	<u>110,079</u>
Directors' remuneration	210,705	200,696
Directors' pension contributions to money purchase schemes	<u>51,653</u>	<u>32,338</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>4</u>
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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**3. OPERATING PROFIT - continued**

Information regarding the highest paid director is as follows:

	2015	2014
	£	£
Emoluments etc	80,877	72,994
Pension contributions to money purchase schemes	19,177	7,354
	<u>99,054</u>	<u>80,348</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015	2014
	£	£
Bank interest	52	2
Discounting interest	59,282	73,706
Other interest	4,034	14,861
Hire purchase and leasing interest	11,087	8,666
	<u>74,455</u>	<u>97,235</u>

**5. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2015	2014
	£	£
Current tax:		
UK corporation tax	179,000	91,988
Adjustment for previous periods	-	(658)
Total current tax	179,000	91,330
Origination and reversal of timing differences	22,500	76,500
Tax on profit on ordinary activities	<u>201,500</u>	<u>167,830</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**5. TAXATION - continued**

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>959,651</u>	<u>816,596</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 23%)	191,930	187,817
Effects of:		
Expenses not deductible for tax purposes	685	1,137
Adjustments to tax charge in respect of previous periods	-	(658)
Marginal Relief	(646)	(4,669)
Capital allowances for period in excess of depreciation	(20,389)	(77,187)
Other short term timing differences	2,763	(9,752)
Change in corporation tax rate	4,657	(5,358)
Current tax charge	<u>179,000</u>	<u>91,330</u>

**6. DIVIDENDS**

	2015 £	2014 £
Ordinary 'A' shares of £1 each		
Interim dividend	<u>417,923</u>	<u>102,041</u>

**7. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 November 2014	241,177	2,017,909	189,096	71,634	2,519,816
Additions	16,810	216,396	25,347	-	258,553
Disposals	-	(21,790)	-	-	(21,790)
At 31 October 2015	<u>257,987</u>	<u>2,212,515</u>	<u>214,443</u>	<u>71,634</u>	<u>2,756,579</u>
<b>DEPRECIATION</b>					
At 1 November 2014	108,982	1,249,625	155,559	43,411	1,557,577
Charge for year	25,056	136,339	17,582	8,749	187,726
Eliminated on disposal	-	(9,911)	-	-	(9,911)
At 31 October 2015	<u>134,038</u>	<u>1,376,053</u>	<u>173,141</u>	<u>52,160</u>	<u>1,735,392</u>
<b>NET BOOK VALUE</b>					
At 31 October 2015	<u>123,949</u>	<u>836,462</u>	<u>41,302</u>	<u>19,474</u>	<u>1,021,187</u>
At 31 October 2014	<u>132,195</u>	<u>768,284</u>	<u>33,537</u>	<u>28,223</u>	<u>962,239</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**7. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 November 2014	96,250	8,735	104,985
Transfer to ownership	(66,250)	-	(66,250)
Reclassification/transfer	333,355	16,765	350,120
	<hr/>	<hr/>	<hr/>
At 31 October 2015	363,355	25,500	388,855
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 1 November 2014	41,446	6,376	47,822
Charge for year	45,419	6,375	51,794
Transfer to ownership	(24,154)	-	(24,154)
	<hr/>	<hr/>	<hr/>
At 31 October 2015	62,711	12,751	75,462
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31 October 2015	300,644	12,749	313,393
	<hr/>	<hr/>	<hr/>
At 31 October 2014	54,804	2,359	57,163
	<hr/>	<hr/>	<hr/>

**8. STOCKS**

	2015 £	2014 £
Finished goods and goods for resale	2,869,670	2,909,130
	<hr/>	<hr/>

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

	2015 £	2014 £
Trade debtors	3,508,343	3,691,635
Directors' current accounts	-	5,000
Prepayments and accrued income	253,856	282,261
	<hr/>	<hr/>
	3,762,199	3,978,896
	<hr/>	<hr/>

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

	2015 £	2014 £
Other loans (see note 12)	1,892,872	2,612,159
Hire purchase contracts (see note 13)	68,046	78,603
Trade creditors	2,221,019	2,180,574
Taxation	179,000	91,988
Social security and other taxes	505,128	637,777
Accruals and deferred income	340,602	176,467
	<hr/>	<hr/>
	5,206,667	5,777,568
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

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

	2015	2014
	£	£
Hire purchase contracts (see note 13)	<u>170,493</u>	<u>238,539</u>

**12. LOANS**

An analysis of the maturity of loans is given below:

	2015	2014
	£	£
Amounts falling due within one year or on demand:		
Invoice discounting loan	1,692,872	2,412,159
Other loans	<u>200,000</u>	<u>200,000</u>
	<u>1,892,872</u>	<u>2,612,159</u>

**13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	Hire purchase contracts	
	2015	2014
	£	£
Net obligations repayable:		
Within one year	68,046	78,603
Between one and five years	<u>170,493</u>	<u>238,539</u>
	<u>238,539</u>	<u>317,142</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2015	2014	2015	2014
	£	£	£	£
Expiring:				
Between one and five years	200,000	200,000	49,591	44,391
In more than five years	<u>115,000</u>	<u>115,000</u>	<u>48,559</u>	<u>53,759</u>
	<u>315,000</u>	<u>315,000</u>	<u>98,150</u>	<u>98,150</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**14. SECURED DEBTS**

The following secured debts are included within creditors:

	2015	2014
	£	£
Invoice discounting loan	1,692,872	2,412,159
Hire purchase contracts	238,539	317,142
Other loans	200,000	200,000
	<u>2,131,411</u>	<u>2,929,301</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The invoice discounting loan is secured by a first fixed charge on book debts and a floating charge over other assets of the company.

The other loans are secured by a first fixed charge over the assets, excluding book debts, of the company.

**15. PROVISIONS FOR LIABILITIES**

	2015	2014
	£	£
Deferred tax		
Accelerated capital allowances	<u>156,000</u>	<u>133,500</u>
		Deferred tax
		£
Balance at 1 November 2014		133,500
Charge to Profit and Loss Account during year		<u>22,500</u>
Balance at 31 October 2015		<u>156,000</u>

**16. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2015	2014
Number:	Class:	Nominal value:	£	£
9,000	Ordinary	£1	9,000	9,000
1,000	Ordinary 'A'	£1	<u>1,000</u>	<u>1,000</u>
			<u>10,000</u>	<u>10,000</u>

The ordinary 'A' shares of £1 each carry the same rights as the ordinary shares of £1 each.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**17. RESERVES**

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 November 2014	1,900,672	90,000	1,990,672
Profit for the year	758,151	-	758,151
Dividends	(417,923)	-	(417,923)
At 31 October 2015	<u>2,240,900</u>	<u>90,000</u>	<u>2,330,900</u>

**18. PENSION COMMITMENTS**

The company contributes to defined contribution pension schemes in respect of certain employees. At the year end contributions outstanding amounted to £Nil (2014: £Nil).

**19. CAPITAL COMMITMENTS**

	2015 £	2014 £
Contracted but not provided for in the financial statements	<u>22,500</u>	<u>-</u>

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

The following advances and credits to a director subsisted during the years ended 31 October 2015 and 31 October 2014:

	2015 £	2014 £
<b>C J Husband</b>		
Balance outstanding at start of year	5,000	-
Amounts advanced	-	5,000
Amounts repaid	(5,000)	-
Balance outstanding at end of year	<u>-</u>	<u>5,000</u>

**21. RELATED PARTY DISCLOSURES**

G Goodwin has advanced loans to the company of £75,000 (2014: £75,000), bearing interest at 4.75% above base rate, and £125,000 (2014: £125,000) interest free. Both loans are repayable on demand and are secured by a first fixed charge over the assets, excluding book debts, of the company.

The directors and their families are shareholders in the company. During the year they received dividends totalling £376,966 (2014: £102,041). These were fully paid at the year end.

**22. ULTIMATE CONTROLLING PARTY**

The company is controlled by G Goodwin, a director and majority shareholder.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2015**

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2015	2014
	£	£
Profit for the financial year	758,151	648,766
Dividends	(417,923)	(102,041)
	<hr/>	<hr/>
Net addition to shareholders' funds	340,228	546,725
Opening shareholders' funds	2,000,672	1,453,947
	<hr/>	<hr/>
Closing shareholders' funds	<u>2,340,900</u>	<u>2,000,672</u>