

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016**  
**FOR**  
**BAYRAM TIMBER LIMITED**

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**FOR THE YEAR ENDED 31 OCTOBER 2016**

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**BAYRAM TIMBER LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

**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 (England and Wales)

**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 2016**

The directors present their strategic report for the year ended 31 October 2016.

**REVIEW OF BUSINESS**

Once again, we saw a consistent level of performance throughout the year with the overall sales volume 10% higher than the previous year. Demand from our contractual business remained very strong and we were able to achieve growth levels of over 15% from our core leisure sector customers although growth from our customers within the garden sector was a little flatter.

Our strategy of targeting added value turnover has continued to pay dividends with a 16% increase in this turnover category, which contributed to overall turnover growth of 8%. However, market conditions were challenging driven by the impact of reducing raw material prices and this led to a 2% reduction in average selling price, despite the increase in added value turnover.

The reduced raw material prices were largely due to weaker demand from global markets and a favourable currency position, but with careful control over forward purchasing contracts and the financial resources to carry much higher stock levels, we were able to benefit from these reduced prices and protect our mark-up, which improved by almost 10%.

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, recent investments in increased automation and improved machinery helped to increase our efficiency and productivity improved by almost 10% through this peak period.

Our stock management systems have also been subject to ongoing refinement in an effort to improve stock turn and lead times, particularly during peak periods of demand. This also had the added bonus of improving productivity in the quieter periods and allowed us to continue manufacturing close to capacity for longer periods.

We have continued to invest in our facility, and replaced one large generator with 3 smaller but more fuel efficient generators and commissioned a second biomass boiler in March 2016. This meant that fuel/heating costs remained static despite a 7% increase in moulder production volumes and an extended night shift to facilitate the increased component demand from the leisure sector whilst we also received rebates of £75k from the Renewable Heat Initiative.

The overall impact of these changes was a 25% increase in gross profit.

We continued to exercise strict cost controls although overhead costs did increase by £400k, largely due to increased staffing costs. This was due to the Board decision to reward employees with improved packages following the terrific performance over the previous 4 years trading and the full annual cost of Pension Auto Enrolment, introduced in May 2014.

With finance costs remaining virtually unchanged, it meant that most of the increased gross profit filtered down to the net profit, which increased by over £478k to £1,437k, and the Board feels that this is an excellent result in a challenging market.

Market conditions are expected to remain highly competitive through 2017 although the Board are confident that the business is well placed to withstand this competition. Raw material prices have increased significantly in the current year and gross margin will inevitably come under pressure.

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 continue to bear fruit with an encouraging start to the current year, with turnover and profitability ahead of budget.

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

**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 still have significant volumes of raw material stock 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 Brexit vote and the economic outcome following. We have therefore extended 2016 prices for a further 12 months with selected major contract customers on the basis they exceed current years turnover; whilst this could bring gross margin pressure, it will allow us to cover raw material requirements further forwards and plan more efficiently. Faced with higher raw material prices, it will be difficult to secure price increases, particularly in the commodity type products where competition remains fierce, but we are introducing scaled price increases to try and protect margins.

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 sustained demand 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 a more efficient stock management system, particularly in core items.

Payroll costs are expected to increase further in light of ongoing increases in the National Living Wage & Minimum Wage and the inevitable impact this will have on wage differentials. We will also be faced with higher pension costs as Auto Enrolment contributions are increased but 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 are half way through a 2 year fixed price contract for electricity and our fleet of smaller generators is now more fuel efficient and offers more flexibility when we do not need to run the entire facility, e.g. weekend working & night shifts, without sacrificing capacity. The two biomass heating systems will continue to generate significant heating 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: 4/5/2017

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

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

**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 were paid as follows:

Ordinary £1 shares	£33.4467	-
Ordinary 'A' £1 shares	£301.0203	-

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 31 October 2016 will be £602,041.

The interim dividends were paid at the following dates and rates per share:

On Ordinary 'A' £1 shares	29 April 2016	£51.0203
On Ordinary £1 shares	29 April 2016	£5.6689
On Ordinary 'A' £1 shares	31 October 2016	£250.00
On Ordinary £1 shares	31 October 2016	£27.7778

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 November 2015 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 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.

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

**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: 4th May 2017

**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 2016 on pages eight 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), 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 October 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other 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**  
**BAYRAM TIMBER LIMITED**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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: 4 May 2017

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

	Notes	2016 £	2015 £
<b>TURNOVER</b>		20,427,726	18,931,208
Cost of sales		15,926,716	15,339,734
<b>GROSS PROFIT</b>		4,501,010	3,591,474
Distribution costs		1,012,252	896,305
Administrative expenses		2,051,015	1,745,823
		3,063,267	2,642,128
		1,437,743	949,346
Other operating income		75,000	75,000
<b>OPERATING PROFIT</b>	4	1,512,743	1,024,346
Interest receivable and similar income		2	9,760
		1,512,745	1,034,106
Interest payable and similar expenses	5	75,240	74,455
<b>PROFIT BEFORE TAXATION</b>		1,437,505	959,651
Tax on profit	6	294,032	201,500
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,143,473	758,151
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		1,143,473	758,151

The notes form part of these financial statements

**BALANCE SHEET**  
**31 OCTOBER 2016**

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	8	1,288,029	1,021,187
<b>CURRENT ASSETS</b>			
Stocks	9	3,784,515	2,869,670
Debtors	10	4,274,138	3,762,199
Cash at bank and in hand		150,963	221,004
		<u>8,209,616</u>	<u>6,852,873</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>6,110,056</u>	<u>5,206,667</u>
<b>NET CURRENT ASSETS</b>		<u>2,099,560</u>	<u>1,646,206</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,387,589</u>	<u>2,667,393</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(330,257)	(170,493)
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(175,000)</u>	<u>(156,000)</u>
<b>NET ASSETS</b>		<u><u>2,882,332</u></u>	<u><u>2,340,900</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	10,000	10,000
Capital redemption reserve	18	90,000	90,000
Retained earnings	18	<u>2,782,332</u>	<u>2,240,900</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>2,882,332</u></u>	<u><u>2,340,900</u></u>

The financial statements were approved by the Board of Directors on 4 May 2017 and were signed on its behalf by:

x  x  
G Goodwin - Director

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 1 November 2014</b>	10,000	1,900,672	90,000	2,000,672
<b>Changes in equity</b>				
Dividends	-	(417,923)	-	(417,923)
Total comprehensive income	-	758,151	-	758,151
<b>Balance at 31 October 2015</b>	10,000	2,240,900	90,000	2,340,900
<b>Changes in equity</b>				
Dividends	-	(602,041)	-	(602,041)
Total comprehensive income	-	1,143,473	-	1,143,473
<b>Balance at 31 October 2016</b>	10,000	2,782,332	90,000	2,882,332

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	506,855	1,532,039
Interest paid		(56,198)	(63,368)
Interest element of hire purchase payments paid		(19,042)	(11,087)
Tax paid		(178,032)	(91,988)
Net cash from operating activities		<u>253,583</u>	<u>1,365,596</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(496,119)	(258,553)
Sale of tangible fixed assets		-	15,000
Interest received		2	9,760
Net cash from investing activities		<u>(496,117)</u>	<u>(233,793)</u>
<b>Cash flows from financing activities</b>			
Invoice discounting loan movement		489,755	(719,287)
Hire purchase capital repayments in year		274,746	(78,603)
Amount introduced by directors		-	5,000
Equity dividends paid		(602,041)	(417,923)
Net cash from financing activities		<u>162,460</u>	<u>(1,210,813)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(80,074)</u>	<u>(79,010)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	221,004	300,014
<b>Cash and cash equivalents at end of year</b>	2	<u><u>140,930</u></u>	<u><u>221,004</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2016	2015
	£	£
Profit before taxation	1,437,505	959,651
Depreciation charges	229,277	187,726
Profit on disposal of fixed assets	-	(3,121)
Finance costs	75,240	74,455
Finance income	(2)	(9,760)
	<u>1,742,020</u>	<u>1,208,951</u>
(Increase)/decrease in stocks	(914,845)	39,460
(Increase)/decrease in trade and other debtors	(511,939)	211,697
Increase in trade and other creditors	191,619	71,931
	<u>191,619</u>	<u>71,931</u>
<b>Cash generated from operations</b>	<u><u>506,855</u></u>	<u><u>1,532,039</u></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 October 2016**

	31.10.16	1.11.15
	£	£
Cash and cash equivalents	150,963	221,004
Bank overdrafts	(10,033)	-
	<u>140,930</u>	<u>221,004</u>

**Year ended 31 October 2015**

	31.10.15	1.11.14
	£	£
Cash and cash equivalents	221,004	300,014

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

**1. STATUTORY INFORMATION**

Bayram Timber 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.

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.

**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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

**2. ACCOUNTING POLICIES - continued**

**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 profit or loss in the period to which they relate.

**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.

**3. EMPLOYEES AND DIRECTORS**

	2016 £	2015 £
Wages and salaries	3,372,101	2,848,214
Social security costs	229,752	221,780
Other pension costs	350,622	101,442
	<u>3,952,475</u>	<u>3,171,436</u>

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

	2016	2015
Directors	3	3
Senior management	7	7
Sales/Administration	10	10
Manufacturing	120	111
	<u>140</u>	<u>131</u>

	2016 £	2015 £
Directors' remuneration	210,029	210,705
Directors' pension contributions to money purchase schemes	<u>248,768</u>	<u>51,653</u>

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

	3	3
Money purchase schemes	<u>3</u>	<u>3</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

**3. EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	2016	2015
	£	£
Emoluments etc	75,096	80,877
Pension contributions to money purchase schemes	<u>50,494</u>	<u>19,177</u>

**4. OPERATING PROFIT**

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

	2016	2015
	£	£
Hire of plant and machinery	375,171	343,962
Depreciation - owned assets	139,653	135,932
Depreciation - assets on hire purchase contracts	89,624	51,794
Profit on disposal of fixed assets	-	(3,121)
Auditors remuneration	8,100	8,450
Taxation compliance services	1,700	1,930
Other non- audit services	1,145	1,390
Hire of plant and machinery - operating leases	<u>118,384</u>	<u>113,898</u>

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2016	2015
	£	£
Bank interest	-	52
Discounting interest	54,391	59,282
Other interest	1,807	4,034
Hire purchase and leasing interest	<u>19,042</u>	<u>11,087</u>
	<u>75,240</u>	<u>74,455</u>

**6. TAXATION**

**Analysis of the tax charge**

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

	2016	2015
	£	£
Current tax:		
UK corporation tax	276,000	179,000
Adjustment for previous periods	<u>(968)</u>	<u>-</u>
Total current tax	275,032	179,000
Origination and reversal of timing differences	<u>19,000</u>	<u>22,500</u>
Tax on profit	<u>294,032</u>	<u>201,500</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 OCTOBER 2016**

**6. TAXATION - continued**

**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:

	2016 £	2015 £
Profit before tax	<u>1,437,505</u>	<u>959,651</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	287,501	191,930
Effects of:		
Expenses not deductible for tax purposes	1,074	685
Marginal Relief	-	(646)
Capital allowances for period in excess of depreciation	(18,120)	(20,389)
Other short term timing differences	4,577	2,763
Change in corporation tax rate	-	4,657
Deferred tax movement	<u>19,000</u>	<u>22,500</u>
Total tax charge	<u>294,032</u>	<u>201,500</u>

**7. DIVIDENDS**

	2016 £	2015 £
Ordinary shares of £1 each		
Interim dividend	301,020	-
Ordinary 'A' shares of £1 each		
Interim dividend	<u>301,021</u>	<u>417,923</u>
	<u>602,041</u>	<u>417,923</u>

**8. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 November 2015	257,987	2,212,515	214,443	71,634	2,756,579
Additions	<u>51,709</u>	<u>411,572</u>	<u>18,641</u>	<u>14,197</u>	<u>496,119</u>
At 31 October 2016	<u>309,696</u>	<u>2,624,087</u>	<u>233,084</u>	<u>85,831</u>	<u>3,252,698</u>
<b>DEPRECIATION</b>					
At 1 November 2015	134,038	1,376,053	173,141	52,160	1,735,392
Charge for year	<u>29,072</u>	<u>171,460</u>	<u>18,517</u>	<u>10,228</u>	<u>229,277</u>
At 31 October 2016	<u>163,110</u>	<u>1,547,513</u>	<u>191,658</u>	<u>62,388</u>	<u>1,964,669</u>
<b>NET BOOK VALUE</b>					
At 31 October 2016	<u>146,586</u>	<u>1,076,574</u>	<u>41,426</u>	<u>23,443</u>	<u>1,288,029</u>
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>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

**8. 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 2015	363,355	25,500	388,855
Transfer to ownership	(30,000)	-	(30,000)
Reclassification/transfer	457,351	14,197	471,548
At 31 October 2016	790,706	39,697	830,403
<b>DEPRECIATION</b>			
At 1 November 2015	62,711	12,751	75,462
Charge for year	81,770	7,854	89,624
Transfer to ownership	(10,625)	-	(10,625)
At 31 October 2016	133,856	20,605	154,461
<b>NET BOOK VALUE</b>			
At 31 October 2016	656,850	19,092	675,942
At 31 October 2015	300,644	12,749	313,393

**9. STOCKS**

	2016 £	2015 £
Finished goods and goods for resale	3,784,515	2,869,670

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

	2016 £	2015 £
Trade debtors	3,908,279	3,508,343
Other debtors	18,480	-
Prepayments and accrued income	347,379	253,856
	4,274,138	3,762,199

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

	2016 £	2015 £
Bank loans and overdrafts (see note 13)	10,033	-
Other loans (see note 13)	2,382,627	1,892,872
Hire purchase contracts (see note 14)	183,028	68,046
Trade creditors	2,377,534	2,221,019
Taxation	276,000	179,000
Social security and other taxes	622,054	505,128
Accruals and deferred income	258,780	340,602
	6,110,056	5,206,667

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

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

	2016	2015
	£	£
Hire purchase contracts (see note 14)	<u>330,257</u>	<u>170,493</u>

**13. LOANS**

An analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	10,033	-
Invoice discounting loan	2,267,327	1,692,872
Other loans	<u>115,300</u>	<u>200,000</u>
	<u>2,392,660</u>	<u>1,892,872</u>

**14. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2016	2015
	£	£
Net obligations repayable:		
Within one year	183,028	68,046
Between one and five years	<u>330,257</u>	<u>170,493</u>
	<u>513,285</u>	<u>238,539</u>
	Non-cancellable operating	
	leases	
	2016	2015
	£	£
Within one year	1,209	-
Between one and five years	286,261	249,591
In more than five years	<u>122,053</u>	<u>163,559</u>
	<u>409,523</u>	<u>413,150</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

**15. SECURED DEBTS**

The following secured debts are included within creditors:

	2016	2015
	£	£
Invoice discounting loan	2,267,327	1,692,872
Hire purchase contracts	513,285	238,539
Other loans	75,500	200,000
	<u>2,856,112</u>	<u>2,131,411</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.

**16. PROVISIONS FOR LIABILITIES**

	2016	2015
	£	£
Deferred tax		
Accelerated capital allowances	<u>175,000</u>	<u>156,000</u>
		Deferred tax
		£
Balance at 1 November 2015		156,000
Provided during year		<u>19,000</u>
Balance at 31 October 2016		<u>175,000</u>

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2016	2015
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 2016**

**18. RESERVES**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 November 2015	2,240,900	90,000	2,330,900
Profit for the year	1,143,473	-	1,143,473
Dividends	(602,041)	-	(602,041)
	<u>2,782,332</u>	<u>90,000</u>	<u>2,872,332</u>
At 31 October 2016	<u>2,782,332</u>	<u>90,000</u>	<u>2,872,332</u>

**19. CAPITAL COMMITMENTS**

	2016 £	2015 £
Contracted but not provided for in the financial statements	-	22,500
	<u>-</u>	<u>22,500</u>

**20. RELATED PARTY DISCLOSURES**

G Goodwin has previously advanced loans to the company of £75,000 bearing interest at 4.75% above base rate, and £125,000 interest free. Both loans were repaid during the year.

The directors and their families and certain key management are shareholders in the company. During the year they received dividends totalling £602,041 (2015: £417,923). The dividends were fully paid in the year. At the year end dividends payable totalling £115,300 (2015: £Nil) have been loaned back to the company.

**21. ULTIMATE CONTROLLING PARTY**

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

**22. FIRST YEAR ADOPTION**

For all periods up to and including the year ended 31 October 2015, the company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 October 2016, are the first the company has prepared in accordance with FRS102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Accordingly, the company has prepared individual financial statements which comply with FRS102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland applicable for periods beginning on or after 1 November 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

There are no adjustments to the carrying value of assets, liabilities and reserves on first adoption of FRS102.