

# Abacus Direct Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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Murray Harcourt Limited  
Elizabeth House  
13-19 Queen Street  
Leeds  
West Yorkshire  
LS1 2TW

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# **Abacus Direct Limited**

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## **Abacus Direct Limited**

### **Company Information**

<b>Directors</b>	S P Bradbury I Pattison
<b>Registered office</b>	Abacus House Jubilee Court Coppgrove Harrogate North Yorkshire HG3 3TB
<b>Auditors</b>	Murray Harcourt Limited Elizabeth House 13-19 Queen Street Leeds West Yorkshire LS1 2TW

## Abacus Direct Limited

### Strategic Report for the Year Ended 31 December 2016

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

#### Principal activity

The principal activity of the Company is that of a distributor and manufacturer of bathroom equipment.

#### Fair review of the business

Trading conditions improved during the period, with growth continuing to come from key customers and diversification.

The construction and own label markets continued to show signs of improvement in 2016. The business continues to invest in technology to improve manufacturing processes and increase efficiency with a view to grow revenue as well as profit in the coming year. The Company's strategic alliance with a number of its key customers continues to positively impact the company's results.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Turnover	£	12,207,471	10,489,770
Operating profit	£	1,098,947	1,060,519

#### Principal risks and uncertainties

The principal risks identified are credit risk, foreign exchange risk and liquidity risk. Further details regarding these risks and the measures taken to mitigate their impact is provided in the Directors' Report.

Approved by the Board on 21/4/17 and signed on its behalf by:



I Pattison  
Director

## **Abacus Direct Limited**

### **Directors' Report for the Year Ended 31 December 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

#### **Directors of the company**

The directors who held office during the year were as follows:

S P Bradbury

I Pattison

#### **Financial instruments**

##### ***Objectives and policies***

The business' principal financial instruments comprise bank balances, trade debtors, trade creditors, loans and confidential invoice discounting. The main purpose of these instruments is to finance the business' operations.

##### ***Credit risk, foreign exchange risk and liquidity risk***

Credit risk arises from customers failing to meet their obligation under contracts of sale to pay. In order to minimise this risk, deferred terms are only granted to those customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk arises from the difficulties the Company may face in meeting obligations under financial liabilities as they fall due. The Company mitigates liquidity risk by using long, medium and short term forecasts, applying cash collection targets and utilisation of full trading terms with its suppliers.

Foreign currency risk arises because the Company purchases products from overseas. The Company mitigates this risk through the use of import loans.

#### **Going concern**

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 21/4/17 and signed on its behalf by:



I Pattison  
Director

## **Abacus Direct Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **Abacus Direct Limited**

### **Independent Auditor's Report to the Members of Abacus Direct Limited**

We have audited the financial statements of Abacus Direct Limited for the year ended 31 December 2016, set out on pages 7 to 22. 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Abacus Direct Limited**

### **Independent Auditor's Report to the Members of Abacus Direct Limited**

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

In our opinion, based on the work undertaken in the course of the audit:

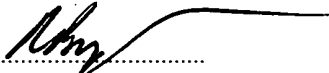
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

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

  
Richard Bright FCA (Senior Statutory Auditor)  
For and on behalf of Murray Harcourt Limited, Statutory Auditor

Elizabeth House  
13-19 Queen Street  
Leeds  
West Yorkshire  
LS1 2TW

Date: 26.4.17



# **Abacus Direct Limited**

## **Statement of Income and Retained Earnings for the Year Ended 31 December 2016**

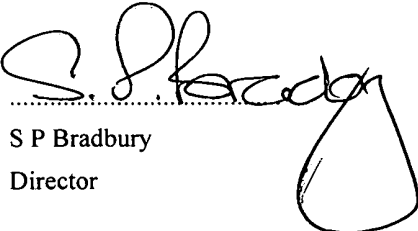
	Note	2016 £	2015 £
Turnover	3	12,207,471	10,489,770
Cost of sales		<u>(7,560,678)</u>	<u>(6,534,432)</u>
Gross profit		4,646,793	3,955,338
Administrative expenses		(3,559,575)	(2,894,819)
Other operating income	4	<u>11,729</u>	<u>-</u>
Operating profit	5	1,098,947	1,060,519
Interest payable and similar charges	7	<u>(51,278)</u>	<u>(37,919)</u>
Profit before tax		1,047,669	1,022,600
Taxation	11	<u>(204,795)</u>	<u>(166,389)</u>
Total comprehensive income for the financial year		842,874	856,211
Retained earnings brought forward		3,090,822	3,280,111
Dividends paid		<u>(260,000)</u>	<u>(1,045,500)</u>
Retained earnings carried forward		<u><u>3,673,696</u></u>	<u><u>3,090,822</u></u>

The notes on pages 9 to 22 form an integral part of these financial statements.

**Abacus Direct Limited**  
**(Registration number: 04331572)**  
**Balance Sheet as at 31 December 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	13	1,727,275	1,519,455
<b>Current assets</b>			
Stocks	14	2,428,671	2,462,333
Debtors	15	2,284,703	2,335,399
Cash at bank and in hand		634,262	315,912
		<u>5,347,636</u>	<u>5,113,644</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(3,359,255)</u>	<u>(3,182,950)</u>
<b>Net current assets</b>		<u>1,988,381</u>	<u>1,930,694</u>
<b>Total assets less current liabilities</b>		3,715,656	3,450,149
<b>Creditors: Amounts falling due after more than one year</b>	16	-	(309,622)
<b>Provisions for liabilities</b>	17	<u>(32,570)</u>	<u>(40,315)</u>
<b>Net assets</b>		<u>3,683,086</u>	<u>3,100,212</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,040	1,040
Share premium reserve		8,316	8,316
Capital redemption reserve		34	34
Profit and loss account		<u>3,673,696</u>	<u>3,090,822</u>
<b>Total equity</b>		<u>3,683,086</u>	<u>3,100,212</u>

Approved and authorised by the Board on 21/4/17 and signed on its behalf by:

  
 S P Bradbury  
 Director

## **Abacus Direct Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **1 General information**

The company is a private company limited by share capital incorporated in England & Wales.

The registered office and principal place of business is:

Abacus House  
Jubilee Court  
Copgrove  
Harrogate  
North Yorkshire  
HG3 3TB

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention and in accordance with the Companies Act 2006.

The financial statements are presented in 'Pounds Sterling' (£), which is the functional currency of the Company, and rounded to the nearest £.

##### **Summary of disclosure exemptions**

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following available exemptions:

- the requirement to prepare a statement of cash flows;
- financial instruments disclosures, including categories of financial instruments; and
- the disclosure of key management personnel remuneration in total.

##### **Going concern**

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

## **Abacus Direct Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **Key sources of estimation uncertainty**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### *Depreciation of tangible fixed assets*

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The carrying value and accumulated depreciation of tangible fixed assets is set out in note 13 to the financial statements.

#### *Recoverability of trade and other debtors*

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtors, the ageing profile of debtors and historical experience. The carrying amount of trade and other debtors and the associated provision is given in note 15.

#### *Impairment of stocks*

The Company sells products in a market that is subject to changing fashions and technological developments together with changes in consumer spending levels. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When considering the impairment of stocks, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods. The carrying value of stocks and the associated provision is set out in note 14.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

#### **Government grants**

Grants relating to capital projects are recorded in deferred income and released to profit or loss over the expected useful life of the assets. Grants towards revenue expenditure are recognised in the profit and loss account when the Company has entitlement to the income and the amount receivable can be measured reliably.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

#### **Tax**

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

## **Abacus Direct Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

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

Deferred tax is recognised on timing differences between taxable profits and profits reported in the financial statements. Deferred tax is recognised on all timing differences at the reporting date and is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	5 to 10 years straight-line or life of lease whichever shorter
Plant and machinery	2 to 5 years straight-line

#### **Goodwill**

Goodwill arising on acquisitions of an entity represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	20 years straight line

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

## **Abacus Direct Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Operating lease rentals are recognised in the profit and loss on a straight line basis.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

#### **Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are paid.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## Abacus Direct Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 3 Revenue

All of the company's turnover for the year relates to its principal activity from continuing operations to UK customers.

	2016 £	2015 £
Sale of goods	<u>12,207,471</u>	<u>10,489,770</u>

#### 4 Other operating income

The company's other operating income for the year is as follows:

	2016 £	2015 £
Government grants	<u>11,729</u>	<u>-</u>

#### 5 Operating profit

Arrived at after charging:

	2016 £	2015 £
Depreciation expense	294,398	214,719
Foreign exchange losses	147,591	12,007
Operating lease expense - property	138,077	22,000
Operating lease expense - plant and machinery	60,058	46,932
Loss on disposal of property, plant and equipment	<u>1,571</u>	<u>-</u>

#### 6 Government grants

The grant income in the period relates to the amortisation of a capital grant in line with the useful economic life of the assets funded. The amount of grants recognised in the financial statements was £11,729 (2015 - £Nil).

#### 7 Interest payable and similar expenses

	2016 £	2015 £
Interest on bank overdrafts and borrowings	42,032	37,919
Interest expense on other finance liabilities	<u>9,246</u>	<u>-</u>
	<u>51,278</u>	<u>37,919</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £	2015 £
Wages and salaries	1,431,010	1,743,592
Social security costs	138,876	149,432
Other short-term employee benefits	61,905	42,443
Pension costs, defined contribution scheme	9,276	4,486
	<u>1,641,067</u>	<u>1,939,953</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Production	15	22
Administration and support	14	5
Sales	12	13
Distribution	12	16
Other departments	4	7
	<u>57</u>	<u>63</u>

### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	<u>13,975</u>	<u>5,158</u>

### 10 Auditors' remuneration

	2016 £	2015 £
Audit of the financial statements	<u>11,300</u>	<u>15,300</u>



# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 11 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax	211,992	169,740
UK corporation tax adjustment to prior periods	548	-
	<u>212,540</u>	<u>169,740</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(7,027)	(3,875)
Arising from changes in tax rates and laws	(718)	524
Total deferred taxation	<u>(7,745)</u>	<u>(3,351)</u>
Tax expense in the income statement	<u>204,795</u>	<u>166,389</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>1,047,669</u>	<u>1,022,600</u>
Corporation tax at standard rate	209,534	207,041
Effect of expense not deductible in determining taxable profit (tax loss)	1,293	1,398
Deferred tax (credit)/expense relating to changes in tax rates or laws	(718)	524
Increase in UK and foreign current tax from adjustment for prior periods	548	-
Tax increase from effect of capital allowances and depreciation	20,138	11,047
Tax decrease from effect of adjustment in research and development tax credit	<u>(26,000)</u>	<u>(53,621)</u>
Total tax charge	<u>204,795</u>	<u>166,389</u>

The standard full rate of UK corporation tax applicable for the year ended 31 December 2016 was 20%. This is the same as the standard full rate of 20% applicable for the year ended 31 December 2015.

## **Abacus Direct Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **Deferred tax**

Deferred tax assets and liabilities

	<b>Liability £</b>
<b>2016</b>	
Difference between accumulated depreciation and amortisation and capital allowances	<u>32,570</u>
<b>2015</b>	
Difference between accumulated depreciation and amortisation and capital allowances	<u>40,315</u>

Legislation to maintain the rate of corporation tax in the United Kingdom at 20% was included in the Finance Act 2015. Further legislation was announced in the Finance (No2) Act 2015 to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. Deferred tax is provided at the rate expected to be in place at the point at which the timing differences reverse.

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 12 Intangible assets

	Goodwill £	Total £
<b>Cost or valuation</b>		
At 1 January 2016	120,000	120,000
At 31 December 2016	120,000	120,000
<b>Amortisation</b>		
At 1 January 2016	120,000	120,000
At 31 December 2016	120,000	120,000
<b>Carrying amount</b>		
At 31 December 2016	-	-

### 13 Tangible assets

	Land and buildings £	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2016	2,002,783	590,304	2,593,087
Additions	478,123	98,649	576,772
Disposals	(143,115)	(137,683)	(280,798)
At 31 December 2016	2,337,791	551,270	2,889,061
<b>Depreciation</b>			
At 1 January 2016	698,069	375,563	1,073,632
Charge for the year	212,827	81,571	294,398
Eliminated on disposal	(114,932)	(91,312)	(206,244)
At 31 December 2016	795,964	365,822	1,161,786
<b>Carrying amount</b>			
At 31 December 2016	1,541,827	185,448	1,727,275
At 31 December 2015	1,304,714	214,741	1,519,455

Included within the net book value of land and buildings above is £Nil (2015 - £Nil) in respect of freehold land and buildings and £1,541,827 (2015 - £1,304,714) in respect of short leasehold land and buildings.

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 14 Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>2,428,671</u>	<u>2,462,333</u>

The cost of stocks recognised as an expense in the year amounted to £6,031,426 (2015 - £4,833,431).

Closing stock is stated after provisions for impairment of £284,318 (2015 - £509,609).

### Impairment of stocks

The amount of impairment loss included in profit or loss is £(225,291) (2015 - £101,429). The impairment loss is included in cost of sales.

### 15 Debtors

	2016 £	2015 £
Trade debtors	2,171,574	2,177,508
Amounts owed by related parties	-	46,844
Other debtors	17,807	79,731
Prepayments	95,322	23,781
Accrued income	-	7,535
Total current trade and other debtors	<u>2,284,703</u>	<u>2,335,399</u>

### 16 Creditors

	Note	2016 £	2015 £
<b>Due within one year</b>			
Loans and borrowings	20	1,476,574	1,599,457
Trade creditors		510,226	915,576
Amounts due to related parties		927,729	49,581
Social security and other taxes		183,741	226,754
Other creditors		977	1
Accrued expenses		22,451	204,529
Income tax liability	11	131,992	69,758
Deferred income		<u>105,565</u>	<u>117,294</u>
		<u>3,359,255</u>	<u>3,182,950</u>
<b>Due after one year</b>			
Loans and borrowings	20	<u>-</u>	<u>309,622</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 17 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2016	40,315	40,315
Credited to profit or loss	<u>(7,745)</u>	<u>(7,745)</u>
At 31 December 2016	<u>32,570</u>	<u>32,570</u>

### 18 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £9,276 (2015 - £4,486).

### 19 Share capital

#### Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary A of £1 each	1,000	1,000	1,000	1,000
Ordinary B of £1 each	23	23	23	23
Ordinary C of £1 each	17	17	17	17
	<u>1,040</u>	<u>1,040</u>	<u>1,040</u>	<u>1,040</u>

## Abacus Direct Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 20 Loans and borrowings

	2016 £	2015 £
<b>Non-current loans and borrowings</b>		
Bank borrowings	-	309,622

	2016 £	2015 £
<b>Current loans and borrowings</b>		
Bank borrowings	1,476,574	1,599,457

#### **Bank borrowings**

Included within bank loans and borrowings are the following items:

#### ***Invoice discounting facility***

The invoice discounting facility is denominated in sterling with a nominal interest rate of 2.5%. The carrying amount at the year end is £1,476,574 (2015 - £1,440,667).

#### ***Term loan***

The term loan was settled during the period. The loan was denominated in sterling with a nominal interest rate of 2.91%. The carrying amount at the year end was £Nil (2015 - £365,094).

#### ***Import loan***

The import loan in the prior year was denominated in sterling with a nominal interest rate of 3.15%. The carrying amount at the previous year end was £103,318.

#### **Security of borrowings**

The invoice discounting facility is secured by a charge over the debts to which the facility relates. The Company's bankers also have fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant & machinery.

Included in the loans and borrowings are the following amounts due after more than five years:

	2016 £	2015 £
After more than five years by instalments	-	66,365

#### **Borrowings due after five years**

The borrowings due after five years related to the Company's term loan. During the current year, the term loan was re-financed by a fellow group company. As part of the loan refinance, the Company has provided a cross guarantee in respect of the new borrowings drawn down by the fellow group company.

## Abacus Direct Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 21 Obligations under leases and hire purchase contracts

##### Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	358,219	11,196
Later than one year and not later than five years	1,249,108	52,216
Later than five years	2,865,205	-
	<u>4,472,532</u>	<u>63,412</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £198,135 (2015 - £68,932).

#### 22 Contingent liabilities

The Company has provided a cross guarantee to secure borrowings of the group headed by Abacus Direct Manufacturing Group Limited. As at 31 December 2016, the net borrowings secured by the cross guarantee amounted to £2,600,275.

#### 23 Related party transactions

##### Transactions with directors

##### *Bradbury & Pattison Partnership*

The directors of the Company are the partners of the Bradbury & Pattison Partnership. During the year the Company incurred costs in relation to rent of £12,833 (2015 - £26,400). The Company also made recharges of £nil (2015 - £3,291) to the Bradbury & Pattison Partnership.

##### *Amounts due to directors*

Included within other debtors are amounts due from Mr S P Bradbury of £nil (2015 - £19,979) and amounts due to Mr I D Pattison of £nil (2015 - £246).

##### Summary of transactions with other related parties

##### *BDL Marketing Limited*

BDL Marketing Limited is a company under common control. During the year the company purchased services of £29,682 (2015 - £26,165). Included within trade creditors are amounts due to BDL Marketing of £2,515 (2015 - £2,737).

The Company has taken advantage of the exemption set out in FRS 102 from disclosing transactions with other members of the group.

## **Abacus Direct Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **24 Parent and ultimate parent undertaking**

The company's immediate and ultimate parent is Abacus Direct Manufacturing Group Limited, incorporated in the United Kingdom, with a registered office at Abacus House, Jubilee Court, Copgrove, Harrogate, North Yorkshire, HG3 3TB.

The ultimate controlling parties are Mr I D Pattison and Mr S P Bradbury.