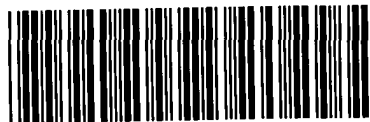


COMPANIES HOUSE COPY

PLUMBCITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

TUESDAY



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COMPANIES HOUSE

Company Registration No. 04477777 (England and Wales)

PLUMBCITY LIMITED

COMPANY INFORMATION

Directors	S Wimbledon	
	D B Christie	(Appointed 30 November 2016)
	R D Goddard	(Appointed 30 November 2016)
	D T McNair	(Appointed 30 November 2016)
	W S Woof	(Appointed 30 November 2016)

Company number	04477777
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Registered office	7 Commerce Way Whitehall Industrial Estate Colchester Essex CO2 8HR
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Auditor	Beaumont Seymour 47 Butt Road Colchester Essex CO3 3BZ
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Business address	7 Commerce Way Whitehall Industrial Estate Colchester Essex CO2 8HR
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PLUMBCITY LIMITED

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PLUMBCITY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Fair review of the business

The directors are satisfied with the financial position of the business at the end of the financial year and intend that current trading levels are maintained in the immediate future.

The company's long-term strategy includes expansion of its network of branches, with further branches being opened across the region as profits are re-invested in the business.

Principal risks and uncertainties

The company has procedures to manage the major risks faced. Where possible, the board takes action to eliminate, reduce or mitigate specific risks through the adoption of appropriate strategies, the main emphasis being on the continuation of trading and maintenance of margins. This includes the maintenance of business continuity plans and monitoring of trade conditions.

Financial Risks

The company's operations expose it to a variety of financial risks, including credit exposure, liquidity and interest rates. The main risks arising from the company's trading operations can be analysed as follows:

Credit risk - The company's principal financial assets are stocks, trade debtors and bank balances, which represent the company's maximum exposure to credit risk in relation to financial assets. Risk is managed through internal monitoring processes and the use of credit checking agencies.

Liquidity risk - The company has substantial liquid funds in place and liquidity risk is considered very minimal for the foreseeable future.

Interest rate risk - The company has very limited exposure to interest rate risk as third party borrowings are insignificant.

Key performance indicators

The company's key performance indicators are turnover and profit margin.

The company continues to grow its turnover while maintaining the gross profit margin. During the year turnover has increased by 19.8% from £26.05m in 2015 to £31.2m in 2016. Gross profit margin remained at around 31%.

On behalf of the board



S Wimbledon

Director

30 March 2017

PLUMBCITY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Principal activities

The principal activity of the company continued to be the sale of plumbing, heating and bathroom materials through its trade sales counters and bathroom showrooms.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Manby	(Resigned 30 November 2016)
G Eldred	(Resigned 30 November 2016)
S Wimbledon	
D B Christie	(Appointed 30 November 2016)
R D Goddard	(Appointed 30 November 2016)
D T McNair	(Appointed 30 November 2016)
W S Woof	(Appointed 30 November 2016)

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,200,000. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Beaumont Seymour, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



S Wimbledon

Director

30 March 2017

PLUMBCITY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible 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 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.

PLUMBCITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLUMBCITY LIMITED

We have audited the financial statements of Plumbcity Limited for the year ended 31 December 2016 set out on pages 6 to 23. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

PLUMBCITY LIMITED


INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PLUMBCITY LIMITED

Matters on which we are required to report by exception

In the light of the 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.

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.



Mr Andrew John Griggs (Senior Statutory Auditor)
for and on behalf of Beaumont Seymour

30 March 2017

Chartered Certified Accountants
Statutory Auditor

47 Butt Road
Colchester
Essex
CO3 3BZ

PLUMBCITY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Notes	£	as restated (Note 27) £
Turnover	3	31,211,939	26,048,442
Cost of sales		(21,316,482)	(17,917,395)
Gross profit		9,895,457	8,131,047
Administrative expenses		(6,144,801)	(5,226,699)
Operating profit	4	3,750,656	2,904,348
Interest receivable and similar income	8	17,808	13,424
Interest payable and similar expenses	9	-	(574)
Profit before taxation		3,768,464	2,917,198
Taxation	10	(763,396)	(601,147)
Profit for the financial year		3,005,068	2,316,051

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PLUMBCITY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Profit for the year	3,005,068	2,316,051
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,005,068</u>	<u>2,316,051</u>

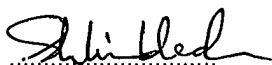
PLUMBCITY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

		2016		2015	
	Notes	£	£	as restated (Note 27)	£
Fixed assets					
Tangible assets	12	1,468,570		1,326,349	
Investments	13		3		3
		<u>1,468,573</u>		<u>1,326,352</u>	
Current assets					
Stocks	16	3,739,519		4,145,090	
Debtors	17	5,092,260		4,806,998	
Investments	18	1,004,984		-	
Cash at bank and in hand		4,842,163		3,454,645	
		<u>14,678,926</u>		<u>12,406,733</u>	
Creditors: amounts falling due within one year	19	<u>(4,453,967)</u>		<u>(3,818,544)</u>	
Net current assets		<u>10,224,959</u>		<u>8,588,189</u>	
Total assets less current liabilities		<u>11,693,532</u>		<u>9,914,541</u>	
Provisions for liabilities	20	<u>(134,108)</u>		<u>(160,185)</u>	
Net assets		<u><u>11,559,424</u></u>		<u><u>9,754,356</u></u>	
Capital and reserves					
Called up share capital	23	100,000		100,000	
Profit and loss reserves		<u>11,459,424</u>		<u>9,654,356</u>	
Total equity		<u><u>11,559,424</u></u>		<u><u>9,754,356</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 30/03/2017 and are signed on its behalf by:



S Wimbledon
Director

Company Registration No. 04477777

PLUMBCITY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
As restated for the period ended 31 December 2015:	27			
Balance at 1 January 2015		100,000	7,798,305	7,898,305
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	2,316,051	2,316,051
Dividends	11	-	(460,000)	(460,000)
Balance at 31 December 2015		100,000	9,654,356	9,754,356
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	3,005,068	3,005,068
Dividends	11	-	(1,200,000)	(1,200,000)
Balance at 31 December 2016		100,000	11,459,424	11,559,424

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Plumbcity Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7 Commerce Way, Whitehall Industrial Estate, Colchester, Essex, CO2 8HR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The financial statements present information about the company as an individual entity and not about its group. Company's subsidiary undertakings remained dormant during the year.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold Improvements	10% Straight line
Plant and machinery	15% Reducing balance
Fixtures, fittings & equipment	10% - 25% Straight line
Motor vehicles	25% Reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Sales of goods	31,211,939	26,048,442
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	17,808	13,424
	<u> </u>	<u> </u>

Turnover analysed by geographical market

	2016 £	2015 £
UK	31,211,939	26,048,442
	<u> </u>	<u> </u>

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	298,198	288,382
(Profit)/loss on disposal of tangible fixed assets	(7,501)	889
Cost of stocks recognised as an expense	21,316,482	17,917,395
Operating lease charges	436,680	369,596
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	11,425	7,130
	<u> </u>	<u> </u>
For other services		
All other non-audit services	13,582	8,671
	<u> </u>	<u> </u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Management	23	20
Administration	16	15
Staff	71	62
	<u>110</u>	<u>97</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,360,664	2,873,534
Social security costs	361,497	260,247
Pension costs	28,918	23,586
	<u>3,751,079</u>	<u>3,157,367</u>

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	190,089	163,616
Company pension contributions to defined contribution schemes	6,145	6,141
	<u>196,234</u>	<u>169,757</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	7,312	10,668
Other interest income	5,512	2,756
	<u>12,824</u>	<u>13,424</u>
Total interest revenue		
	12,824	13,424
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	4,984	-
	<u>17,808</u>	<u>13,424</u>
Total income		
	<u><u>17,808</u></u>	<u><u>13,424</u></u>

Investment income includes the following:

Interest on financial assets measured at fair value through profit or loss	4,984	-
	<u><u>4,984</u></u>	<u><u>-</u></u>

9 Interest payable and similar expenses

	2016 £	2015 £
Other interest	-	574
	<u>-</u>	<u>574</u>
	<u><u>-</u></u>	<u><u>574</u></u>

10 Taxation

	2016 £	2015 as restated (Note 27) £
Current tax		
UK corporation tax on profits for the current period	789,473	551,119
	<u>789,473</u>	<u>551,119</u>
Deferred tax		
Origination and reversal of timing differences	(26,077)	64,396
Changes in tax rates	-	(14,368)
	<u>(26,077)</u>	<u>50,028</u>
Total deferred tax		
	<u><u>(26,077)</u></u>	<u><u>50,028</u></u>
Total tax charge		
	<u><u>763,396</u></u>	<u><u>601,147</u></u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	3,768,464	2,917,198
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	753,693	583,440
Tax effect of expenses that are not deductible in determining taxable profit	3,032	20,222
Effect of change in corporation tax rate	-	(7,657)
Depreciation on assets not qualifying for tax allowances	6,671	5,142
Taxation for the year	763,396	601,147

11 Dividends

	2016 £	2015 £
Interim paid	1,200,000	460,000

12 Tangible fixed assets

	Leasehold Improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2016	1,019,327	99,847	1,312,919	481,893	2,913,986
Additions	109,234	32,000	219,882	135,652	496,768
Disposals	-	-	-	(153,764)	(153,764)
At 31 December 2016	1,128,561	131,847	1,532,801	463,781	3,256,990
Depreciation and impairment					
At 1 January 2016	442,755	48,677	856,056	240,149	1,587,637
Depreciation charged in the year	96,793	10,341	122,386	68,678	298,198
Eliminated in respect of disposals	-	-	-	(97,415)	(97,415)
At 31 December 2016	539,548	59,018	978,442	211,412	1,788,420
Carrying amount					
At 31 December 2016	589,013	72,829	554,359	252,369	1,468,570
At 31 December 2015	576,572	51,170	456,863	241,744	1,326,349

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	14	3	3

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2016 & 31 December 2016	3
Carrying amount	
At 31 December 2016	3
At 31 December 2015	3

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Gallery Bathrooms Ltd	England	Dormant	Ordinary	100.00
Plumbclick Ltd	England	Dormant	Ordinary	100.00
Plumbclick.co.uk Ltd	England	Dormant	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Gallery Bathrooms Ltd	-	1
Plumbclick Ltd	-	1
Plumbclick.co.uk Ltd	-	1

15 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	1,004,984	-

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16 Stocks

	2016	2015 as restated (Note 27)
	£	£
Finished goods and goods for resale	3,739,519	4,145,090

17 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	3,649,218	3,498,616
Other debtors	419	63,000
Prepayments and accrued income	1,442,623	1,245,382
	5,092,260	4,806,998

18 Current asset investments

	2016	2015
	£	£
Unlisted investments	1,004,984	-

19 Creditors: amounts falling due within one year

	2016	2015 as restated (Note 27)
	£	£
Trade creditors	2,690,181	2,579,832
Corporation tax	302,183	82,710
Other taxation and social security	414,785	270,181
Other creditors	930	2,453
Accruals and deferred income	1,045,888	883,368
	4,453,967	3,818,544

20 Provisions for liabilities

	Notes	2016	2015
		£	£
Deferred tax liabilities	21	134,108	160,185
		134,108	160,185

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
ACAs	134,108	160,185
Movements in the year:		2016 £
Liability at 1 January 2016		160,185
Credit to profit or loss		(26,077)
Liability at 31 December 2016		134,108

22 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	28,918	23,586

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2016 £	2015 £
Ordinary share capital		
Authorised		
2,500,000 Ordinary of 10p each	250,000	250,000
Issued and fully paid		
250,000 Ordinary 'A' of 10p each	25,000	25,000
750,000 Ordinary 'B' of 10p each	75,000	75,000
	100,000	100,000

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	20,833	-
Between two and five years	487,388	578,616
In over five years	2,274,549	2,128,283
	<u>2,782,770</u>	<u>2,706,899</u>

25 Directors' transactions

Dividends totalling £1,116,000 (2015 - £427,800) were paid in the year in respect of shares held by the company's directors.

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Interest charged £	Amounts repaid £	Closing balance £
Loans	-	50,000	500	(50,500)	-
		<u>50,000</u>	<u>500</u>	<u>(50,500)</u>	<u>-</u>

26 Controlling party

The ultimate parent undertaking is Blackfriars Corporation, an American company incorporated in the State of Delaware.

The immediate parent undertaking is Plumbing and Heating Investments Limited, which is a wholly owned subsidiary of Marlowe Holdings Limited, a company registered in England. Marlowe Holdings Limited is the only company to consolidate the financial statements of Plumbcity Limited and copies of the financial statements of Marlowe Holdings Limited may be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

27 Prior period adjustment

The comparative figures have been restated to incorporate the change in the stock valuation policy. Stock is now valued at cost price net of discounts and supplier rebates. Accruals and deferred income have also been restated to include a property dilapidation provision.

Changes to the balance sheet

	At 31 December 2015		
	As previously reported	Adjustment	As restated
	£	£	£
Current assets			
Stocks	4,788,137	(643,047)	4,145,090
Creditors due within one year			
Corporation tax	(220,062)	137,352	(82,710)
Accruals and deferred income	(493,368)	(390,000)	(883,368)
	<u> </u>	<u> </u>	<u> </u>
Net assets	10,650,051	(895,695)	9,754,356
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Profit and loss reserves	10,550,051	(895,695)	9,654,356
	<u> </u>	<u> </u>	<u> </u>

Changes to the profit and loss account

	Period ended 31 December 2015		
	As previously reported	Adjustment	As restated
	£	£	£
Cost of sales	(17,848,503)	(68,892)	(17,917,395)
Taxation	(615,095)	13,948	(601,147)
	<u> </u>	<u> </u>	<u> </u>
Profit for the financial period	2,370,995	(54,944)	2,316,051
	<u> </u>	<u> </u>	<u> </u>