

COMPANY REGISTRATION NUMBER: NI000068

HENDERSON WHOLESALE
LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2015



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Henderson Wholesale Limited

Financial statements

Year ended 31 December 2015

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Henderson Wholesale Limited

Officers and professional advisers

The board of directors

M J Agnew
G W Agnew
A J Fitzsimmins
P McGarry
P J Doody
S H Davidson
W J R Whitten
N Kelly

Company secretary

W J R Whitten

Registered office

9 Hightown Avenue
Ballywonard
Newtownabbey
Co Antrim
BT36 4RT

Auditor

BDO Northern Ireland
Chartered accountant & statutory auditor
Lindsay House
10 Callender Street
Belfast
BT1 5BN

Bankers

Danske Bank
PO Box 183
Donegall Square West
Belfast
BT1 6JS

Solicitors

Hewitt & Gilpin
Thomas House
14-16 James Street South
Belfast
BT2 7GA

Henderson Wholesale Limited

Strategic report

Year ended 31 December 2015

Fair Review of the Business

The principal activity of the company is food wholesaling. The company holds the franchise for Spar, Eurospar and Vivo in Northern Ireland and provides a marketing, advisory and distribution service to over 420 retailers.

During the year the main activities of the company remained unchanged and the directors anticipate that any future developments would relate to these activities.

The statement of income and retained earnings for the period is set on page 9 and shows turnover for the year of £420,558,992 and profit on ordinary activities before taxation of £9,896,490.

Turnover has increased by 1.8% as compared to 2014, despite the deflationary climate in the grocery sector. The directors were particularly pleased with the performance of the fresh food categories growing in volume terms by over 7%, in addition to recruitment of new customers during 2015.

Underlying gross profit improved from 8.85% in 2014 to 9.00% in 2015 which can be attributed to the decline in cigarette sales as a percentage of the Turnover as well as the growth in the Fresh Food departments. This was despite our ongoing strategic investment of gross margin in wholesale and retail pricing by way of supporting our retailers with a strong promotional program and value driven customer proposition in response to changing consumer trends. Operating costs were within budget and well controlled.

Principal risks and uncertainties

The grocery market remains highly competitive with the continued expansion of the Discounter channel, major supermarket multiple chains throughout Northern Ireland as well as the direct competition from symbol group wholesalers within the convenience sector. The company seeks to maintain its competitive advantage by ensuring the highest levels of customer service in the sector, providing a strong support system to our supplied retailers, ensuring our collective buying power provides our retailers with a competitively priced convenience offer, developing our range of products and services and continuing to extract efficiencies in our methods of operation for our mutual benefit.

Analysis of the development, performance and position of the business

The performance of the Fresh food categories growing in volume terms by over 7%, in addition to recruitment of new customers during 2015 resulted in a 1.8% increase in Turnover year on year.

The strategic investment of gross margin in wholesale and retail pricing by way of supporting our retailers with a strong promotional program and value driven customer proposition in response to changing consumer trends which the company commenced at the start of 2012 continues to drive increased basket spend and improving footfall trend to our supplied retailer stores and will be continued in 2016. The ongoing focus on operational efficiency and overhead costs has enabled the company to maintain its operating profit at a similar level to 2014 after non-recurring administrative expenses are considered.

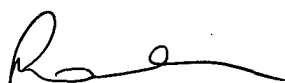
A comprehensive strategic growth and profitability plan instigated in 2012 which includes continued focus on delivering excellence in customer service, investing in our people, developing our information systems, maximising our operational efficiency, enhancing our fresh food ranges and in-store proposition continues to yield results as projected.

It is expected that despite the improving economic climate, consumer price consciousness and competitive pressures within the grocery sector generally will continue in 2016, resulting in continued downward pressure on gross margins. The ongoing focus on operational efficiency will remain of vital importance for the foreseeable future.

Henderson Wholesale Limited**Strategic report** *(continued)***Year ended 31 December 2015**

Key Performance Indicators	2015 £000	2014 £000
Turnover	420,559	412,941
Gross margin %	9.00%	8.85%
Operating Profit	7,057	7,804

This report was approved by the board of directors on 15 April 2016 and signed on behalf of the board by:



W J R Whitten
Company Secretary

Registered office:
9 Hightown Avenue
Ballywonard
Newtownabbey
Co Antrim
BT36 4RT

Henderson Wholesale Limited

Directors report

Year ended 31 December 2015

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

Directors

The directors who served the company during the year were as follows:

M J Agnew
G W Agnew
A J Fitzsimmins
P McGarry
P J Doody
S H Davidson
W J R Whitten
N Kelly
D A Logan (Retired 30 October 2015)

Dividends

Particulars of dividends are detailed in note 11 to the financial statements.

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to some commodity price risk as a result of its operations. However, costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is monitored regularly by the board.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Henderson Wholesale Limited

Directors report *(continued)*

Year ended 31 December 2015

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities, both of which all bear interest at variable rates. The future cashflows of the company's operations are not sufficiently at risk due to interest rate changes to require funding at fixed rate. The appropriateness of this policy will be revisited should the company's operations change in size or nature.

Employment of disabled persons

The group maintains a policy of offering equal opportunity to disabled persons in recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

Employee involvement

All employees are informed of plans and progress via regular briefing sessions where opportunity is provided for involvement of all in the group's decision making process.

Disclosure of information in the strategic report

The strategic report is included at pages 2 to 3.

Directors responsibilities statement

The directors are responsible for preparing the strategic report, directors 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 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 judgments 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;
- 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.

Henderson Wholesale Limited

Directors report *(continued)*

Year ended 31 December 2015

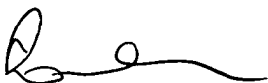
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditors, BDO Northern Ireland, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on 15 April 2016 and signed on behalf of the board by:



W J R Whitten
Company Secretary

Registered office:
9 Hightown Avenue
Ballywonard
Newtownabbey
Co Antrim
BT36 4RT

Henderson Wholesale Limited

Independent auditor's report to the shareholders of Henderson Wholesale Limited

Year ended 31 December 2015

We have audited the financial statements of Henderson Wholesale Limited for the year ended 31 December 2015 which comprise the statement of income and retained earnings, statement of financial position and the related notes. 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 shareholders, 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 shareholders 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 shareholders 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, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Henderson Wholesale Limited

Independent auditor's report to the shareholders of Henderson Wholesale Limited *(continued)*

Year ended 31 December 2015

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.

BDO Northern Ireland

Laura S V Jackson, senior statutory auditor
For and on behalf of BDO Northern Ireland, statutory auditor
Lindsay House
10 Callender Street
Belfast
BT1 5BN

15 April 2016

Henderson Wholesale Limited

Statement of income and retained earnings

Year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	4	420,558,992	412,940,792
Cost of sales		382,716,535	376,359,653
Gross profit		37,842,457	36,581,139
Distribution costs		17,496,403	17,064,957
Administrative expenses		14,696,800	12,794,414
Other operating income		(1,407,716)	(1,082,496)
Operating profit	5	7,056,970	7,804,264
Other interest receivable and similar income		(2,877,785)	(2,806,420)
Interest payable and similar charges	9	38,265	34,195
Profit on ordinary activities before taxation		9,896,490	10,576,489
Tax on profit on ordinary activities	10	1,524,507	1,801,269
Profit for the financial year and total comprehensive income		8,371,983	8,775,220
Dividends paid and payable	11	50,000	45,000
Retained earnings at the start of the year		85,378,004	76,647,784
Retained earnings at the end of the year		93,699,987	85,378,004

All the activities of the company are from continuing operations.

Henderson Wholesale Limited**Statement of financial position****31 December 2015**

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	12	9,862,162	5,037,414
Tangible assets	13	4,741,866	3,675,635
Investments	14	10,002	60,004
		<u>14,614,030</u>	<u>8,773,053</u>
Current assets			
Stocks	15	11,868,798	10,428,583
Debtors: due within one year	16	22,830,882	23,331,011
Debtors: due after more than one year	16	108,313,498	94,613,037
Cash at bank and in hand	17	9,503,000	17,503,000
		<u>152,516,178</u>	<u>145,875,631</u>
Creditors: amounts falling due within one year	18	<u>73,243,654</u>	<u>69,044,358</u>
Net current assets		<u>79,272,524</u>	<u>76,831,273</u>
Total assets less current liabilities		<u>93,886,554</u>	<u>85,604,326</u>
Creditors: amounts falling due after more than one year	19	<u>49,693</u>	<u>89,448</u>
Net assets		<u>93,836,861</u>	<u>85,514,878</u>
Capital and reserves			
Called up share capital	23	119,352	119,352
Capital redemption reserve	24	17,522	17,522
Profit and loss account	24	93,699,987	85,378,004
Shareholders funds		<u>93,836,861</u>	<u>85,514,878</u>

These financial statements were approved by the board of directors and authorised for issue on 15 April 2016 and are signed on behalf of the board by:



M J Agnew
Director

Company registration number: NI000068

Henderson Wholesale Limited

Notes to the financial statements

Year ended 31 December 2015

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Principal activities, legal form and country of incorporation

The principal activity of the company is food wholesaling. The company holds franchise for Spar, Vivo and VG in Northern Ireland and provides a marketing, advisory and distribution service to over 420 retailers.

The company is a private limited company, incorporated in Northern Ireland.

3. Accounting policies

Basis of preparation

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 29.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of John Henderson (Holdings) Limited which can be obtained from Companies House, Second Floor, The Linenhall, 32 Linenhall Street, Belfast, BT2 8BG. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

The judgements (apart from those involving estimations) that management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Revenue recognition

Turnover represents sales to external customers at invoiced amounts, exclusive of value added tax. Turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Goodwill

Goodwill arising on an acquisition is the difference between the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. Impairment tests on the carrying value of goodwill are undertaken;

- At the end of the first full financial year following acquisition; and
- In other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	3 - 10 years straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Henderson Wholesale Limited**Notes to the financial statements** *(continued)***Year ended 31 December 2015**

3. Accounting policies *(continued)***Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	- 10% straight line
Plant and Machinery	- 10% - 20% straight line
Fixtures and Fittings	- 10% - 20% straight line
Motor Vehicles	- 20% straight line
Computer Equipment	- 20% - 33% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

Dividends

Equity dividends are recognised when they become legally payable or receivable.

Retailer loans

Retailer loans are recognised in trade debtors as they arise. Interest receivable is recognised annually through the profit and loss account.

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

3. Accounting policies *(continued)*

Assets acquired under finance leases and hire purchase agreements

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant asset is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

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

4. Turnover

Turnover arises from:

	2015 £	2014 £
Sale of goods	<u>420,558,992</u>	<u>412,940,792</u>

No analysis of turnover and attributable pre-tax profit by class of business or geographical segment has been disclosed in the financial statements as, in the opinion of the directors, such disclosure would be prejudicial to the interests of the company.

5. Operating profit

Operating profit or loss is stated after charging:

	2015 £	2014 £
Amortisation of intangible assets	1,409,428	1,192,198
Depreciation of tangible assets	1,545,511	1,478,770
Loss on disposal of tangible assets	29,534	36,189
Loss on disposal of intangible assets	16,556	–
Foreign exchange differences	(15,091)	(20,905)
Defined contribution plans expense	<u>723,384</u>	<u>720,300</u>

Cost of goods sold in the year totalled £382,716,535 (2014: £376,359,653), there were no further material items included in the profit and loss accounts for the year except wages and salaries costs which are disclosed in notes 7 and 8.

6. Auditor's remuneration

	2015 £	2014 £
Fees payable for the audit of the financial statements	<u>33,236</u>	<u>35,832</u>

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2015 No	2014 No
Distribution staff	380	363
Management staff	62	58
	<u>442</u>	<u>421</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2015 £	2014 £
Wages and salaries	15,811,199	14,710,180
Social security costs	1,529,373	1,457,417
Other pension costs	723,384	720,300
	<u>18,063,956</u>	<u>16,887,897</u>

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2015 £	2014 £
Remuneration	2,325,565	1,811,520
Company contributions to defined contribution pension plans	113,603	111,075
	<u>2,439,168</u>	<u>1,922,595</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2015 No	2014 No
Defined contribution plans	<u>7</u>	<u>7</u>

Remuneration of the highest paid director in respect of qualifying services:

	2015 £	2014 £
Aggregate remuneration	<u>283,680</u>	<u>279,956</u>

9. Interest payable and similar charges

	2015 £	2014 £
Interest on obligations under finance leases and hire purchase contracts	1,648	4,417
Other interest payable and similar charges	36,617	29,778
	<u>38,265</u>	<u>34,195</u>

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

10. Tax on profit on ordinary activities

Major components of tax expense

	2015 £	2014 £
Current tax:		
UK current tax expense	1,582,329	1,870,085
Adjustments in respect of prior periods	20,992	6,611
Total current tax	<u>1,603,321</u>	<u>1,876,696</u>
Deferred tax:		
Origination and reversal of timing differences	(79,786)	(81,058)
Impact of change in tax rate	972	5,631
Total deferred tax	<u>(78,814)</u>	<u>(75,427)</u>
Tax on profit on ordinary activities	<u>1,524,507</u>	<u>1,801,269</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%).

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>9,896,490</u>	<u>10,576,489</u>
Profit on ordinary activities by rate of tax	2,003,700	2,273,221
Adjustment to tax charge in respect of prior periods	20,992	6,602
Effect of expenses not deductible for tax purposes	–	33,038
Other timing differences	972	5,631
Non-taxable income	<u>(501,157)</u>	<u>(517,223)</u>
Tax on profit on ordinary activities	<u>1,524,507</u>	<u>1,801,269</u>

Factors that may affect future tax expense

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 18 November 2015. This will reduce the company's future tax charge accordingly.

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2015 £	2014 £
Equity dividends on ordinary shares	<u>50,000</u>	<u>45,000</u>

Henderson Wholesale Limited

Notes to the financial statements (continued)

Year ended 31 December 2015

12. Intangible assets

	Goodwill £
Cost	
At 1 January 2015	9,504,302
Additions	6,373,280
Disposals	(387,657)
At 31 December 2015	15,489,925
Amortisation	
At 1 January 2015	4,466,888
Charge for the year	1,409,428
Disposals	(248,553)
At 31 December 2015	5,627,763
Carrying amount	
At 31 December 2015	9,862,162
At 31 December 2014	5,037,414

Payments of goodwill are in respect of future trading activities and are being amortised over future periods accordingly.

13. Tangible assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 1 Jan 2015	–	6,840,943	1,933,228	649,468	4,924,076	14,347,715
Additions	132,154	623,366	256,748	1,185,703	546,055	2,744,026
Disposals	–	(744,852)	(40,754)	(182,461)	–	(968,067)
At 31 Dec 2015	132,154	6,719,457	2,149,222	1,652,710	5,470,131	16,123,674
Depreciation						
At 1 Jan 2015	–	4,813,107	1,534,401	342,877	3,981,695	10,672,080
Charge for the year	7,709	465,490	155,148	272,448	644,716	1,545,511
Disposals	–	(725,737)	(32,814)	(77,232)	–	(835,783)
At 31 Dec 2015	7,709	4,552,860	1,656,735	538,093	4,626,411	11,381,808
Carrying amount						
At 31 Dec 2015	124,445	2,166,597	492,487	1,114,617	843,720	4,741,866
At 31 Dec 2014	–	2,027,836	398,827	306,591	942,381	3,675,635

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

13. Tangible assets *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 31 December 2015	89,448
At 31 December 2014	<u>129,202</u>

14. Investments

	Shares in group undertakings £
Cost	
At 1 January 2015	80,004
Disposals	<u>(50,002)</u>
At 31 December 2015	30,002
Impairment	
At 1 Jan 2015 and 31 Dec 2015	<u>20,000</u>
Carrying amount	
At 31 December 2015	10,002
At 31 December 2014	<u>60,004</u>

The unquoted investments are, in the opinion of the directors, worth at least the figure stated in the financial statements. Consolidated financial statements have not been prepared on the basis that results of the company and its subsidiaries are consolidated in the accounts of the ultimate parent company John Henderson (Holdings) Limited which are publicly available. The following companies were subsidiary undertakings at the end of the year.

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

14. Investments *(continued)*

Subsidiary undertakings

All held by the company:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
John Henderson (Ireland) Limited	Republic of Ireland	Ordinary shares	100%	Dormant
Vivo Limited	N Ireland	Ordinary shares	100%	Dormant
Marketstall Services and Software Solutions Limited	N Ireland	Ordinary shares	100%	Sale of IT products

15. Stocks

	2015 £	2014 £
Finished goods and goods for resale	<u>11,868,798</u>	<u>10,428,583</u>

The estimated replacement costs do not materially exceed the values shown in the financial statements.

16. Debtors

Debtors falling due within one year are as follows:

	2015 £	2014 £
Trade debtors	11,469,393	11,889,390
Amounts owed by group undertakings	1,587,589	2,033,874
Deferred tax asset	444,165	365,351
Prepayments and accrued income	8,198,798	7,958,159
Corporation tax repayable	887,147	716,926
Amounts owed by related companies	9,913	1,251
Other debtors	233,877	366,060
	<u>22,830,882</u>	<u>23,331,011</u>

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

16. Debtors *(continued)*

Debtors falling due after one year are as follows:

	2015 £	2014 £
Trade debtors	13,917,359	11,091,814
Amounts owed by group undertakings	94,396,139	83,521,223
	<u>108,313,498</u>	<u>94,613,037</u>

Included within trade debtors is an amount of £16,836,557 relating to outstanding balances on extended trade and refurbishment terms offered to retailers, of which £13,917,359 is due greater than one year.

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2015 £	2014 £
Cash at bank and in hand	9,503,000	17,503,000
Bank overdrafts	(6,837,575)	(9,587,233)
	<u>2,665,425</u>	<u>7,915,767</u>

18. Creditors: amounts falling due within one year

	2015 £	2014 £
Bank overdrafts	6,837,575	9,587,233
Trade creditors	41,942,414	40,244,984
Amounts owed to group undertakings	8,549,217	4,047,423
Accruals and deferred income	14,097,876	13,508,068
Social security and other taxes	950,382	993,728
Obligations under finance leases and hire purchase contracts	39,755	39,755
Other creditors	826,435	623,167
	<u>73,243,654</u>	<u>69,044,358</u>

At the year end, Danske Bank hold the following as security for borrowings:

- (1) First floating charge by each of the group companies.
- (2) Unlimited inter-company cross guarantee by the Henderson Group companies.
- (3) First and only legal mortgages over certain of Henderson Group's property assets to fully secure the bank facilities offered to John Henderson (Holdings) Limited and any of its subsidiaries.

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

19. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Obligations under finance leases and hire purchase contracts	<u>49,693</u>	<u>89,448</u>

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2015 £	2014 £
Not later than 1 year	44,172	44,172
Later than 1 year and not later than 5 years	<u>55,215</u>	<u>99,387</u>
	99,387	143,559
Less: future finance charges	<u>(9,939)</u>	<u>(14,356)</u>
Present value of minimum lease payments	<u>89,448</u>	<u>129,203</u>

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2015 £	2014 £
Included in debtors (note 16)	<u>444,165</u>	<u>365,351</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
Accelerated capital allowances	367,837	301,411
Deferred tax - Short term timing differences	<u>76,328</u>	<u>63,940</u>
	<u>444,165</u>	<u>365,351</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £723,384 (2014: £720,300).

The company is a member of the John Henderson (Holdings) Limited group pension scheme. Details of the pension arrangements for the group are contained in the accounts of that company. Pension contributions for the company are based on pension costs across the group as a whole.

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

23. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No	£	No	£
"A Ordinary" shares of £1 each	39,238	39,238	39,238	39,238
"B Ordinary" shares of £1 each	80,114	80,114	80,114	80,114
	<u>119,352</u>	<u>119,352</u>	<u>119,352</u>	<u>119,352</u>

24. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	£	£
Not later than 1 year	1,365,850	1,343,022
Later than 1 year and not later than 5 years	3,431,087	3,934,100
	<u>4,796,937</u>	<u>5,277,122</u>

26. Contingencies

Henderson Wholesale Limited have given the Bank of Ireland and the First Trust Bank guarantees and indemnities for amounts totalling £62,500 (2014: £239,841) in respect of loans given by the banks to selected retailers.

Henderson Wholesale Limited has provided unlimited inter-company cross guarantee to Danske Bank to cover any borrowings in Henderson Retail Limited, Henderson Foodservice Limited, Henderson Group Property Limited, John Henderson (Holdings) Limited, John Henderson (Mallusk) Limited, The Streat Franchising Limited and Marketstall Services and Software Solutions Limited.

Due to the various factors that may impact on the above guarantees and indemnities it is not possible to quantify the amounts that could be involved or give any indication as to the timing of when a liability may arise.

Henderson Wholesale Limited

Notes to the financial statements *(continued)*

Year ended 31 December 2015

27. Related party transactions

The company has taken advantage of the exemption contained in Paragraph 33.1A of FRS102 not to disclose any transactions with its parent undertakings, fellow subsidiary undertakings or the associated undertakings of any group company on the grounds that it is a 100% owned subsidiary and the consolidated accounts of John Henderson (Holdings) Limited, in which the company is included, are publicly available.

Two of the company's directors, M J Agnew and G W Agnew are also trustees of a limited company which is a charitable trust. This company made repayments to Henderson Wholesale Limited of £2,625,000 (2014: £2,469,997) in the year. Henderson Wholesale Limited made a charitable donation of £3,206,000 (2014: £2,777,340) to this company. Henderson Wholesale Limited made payments of £5,839,662 (2014: £5,247,337) on behalf of or to this company.

The balance with this company is as follows:

	2015	2014
	£	£
Amount receivable within 1 year	9,913	1,251

Henderson Wholesale Limited made loans to directors of £53,462 (2014: £186,436) during the year at an annual interest rate of 3% per annum. The directors repaid £103,620 (2014: £35,581) of loans in the year to 31 December 2015. The balance due to Henderson Wholesale Limited, included in Other Debtors, was £161,506 (2014: £211,664) at 31 December 2015.

In addition, the directors made loans to Henderson Wholesale Limited of £628,569 (2014: £259,826). Henderson Wholesale Limited repaid £375,295 (2014: £181,007) in relation to these loans and the balance owed by Henderson Wholesale Limited, included within Other Creditors is £938,913 (2014: £685,639) at 31 December 2015.

28. Controlling party

The ultimate parent company of this company is John Henderson (Holdings) Limited which is incorporated in Northern Ireland.

The only group in which the results of the company are consolidated is that headed by John Henderson (Holdings) Limited. The consolidated accounts of this group are available to the public at:

Companies House
The Linenhall
32-38 Linenhall Street
Belfast

29. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

No transitional adjustments were required in equity or profit or loss for the year.

30. Post balance sheet event

On 15 February 2016, the company acquired 100% of the share capital of Dargan Press Limited.