

Company registration number: 03231869

Basic Thinking Limited

Financial statements

31 December 2015

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Basic Thinking Limited

Company information

Directors	K G Hickey A Openshaw
Company number	03231869
Registered office	Basic Thinking House 106 Grace Road Leicester LE2 8AZ
Auditors	Brooks Mayfield Audit Limited 12 Bridgford Road West Bridgford Nottingham NG2 6AB
Bankers	HSBC 33 Park Row Leeds West Yorkshire LS1 1LD

Basic Thinking Limited

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Basic Thinking Limited

Strategic report Year ended 31 December 2015

Review of the business and key performance indicators

The key financial and other performance indicators during the year were as follows

	2015	2014
Turnover	£18m	£17m
Operating profit	£640k	£695k
Profit after tax	£408k	£444k
Equity shareholder's funds	£1,332k	£1,340k
Current assets as % of current liabilities (quick ratio)	97%	97%
Number of employees	49	64

For most retailers the UK marketplace remains challenging. Our principal customers are the UK major supermarkets and discount retailers who have had flat performances during the year. Our turnover this year stands at £18m (2014: £24m), however we are delighted to report an increase in GP% from 22.7% to 23.7%, together with reduced operating overhead costs of £3.6m (2014: £4.8m). Profit before tax is £547,563 (2014 £553,534). A satisfying performance given market conditions

The total average number of employees reduced by 23% during the year. This was due to a drive to become more efficient and flexible given pressures on sales volumes.

Principal risks and uncertainties

The directors have assessed the main risks the company faces as follows:

Competitive risks

In the UK the company is reliant on major supermarket brands and discount retailers who themselves are subject to UK economic conditions.

Financial instrument risks

The company has established a risk and financial management framework whose primary objectives is to protect the company from events that hinder the achievement of the company's performance objectives

The objectives aim to limit undue foreign currency exchange rate exposure, ensure sufficient working capital exists and rigorously monitor the management of risk at a company level

Use of derivatives

The company uses forward currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection disciplines throughout the company.

Basic Thinking Limited

Strategic report (continued)
Year ended 31 December 2015

This report was approved by the board of directors on 28 September 2016 and signed on behalf of the board by:

A handwritten signature in black ink, consisting of a large, stylized 'K' followed by a horizontal line.

K G Hickey
Director

Basic Thinking 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:

K G Hickey
A Openshaw

Dividends

During the year dividends of £72.77 were recommended per Ordinary share resulting in dividends of £727,650 being declared. One shareholder waived the right to shares of £312,225 resulting in dividends being paid of £415,425.

Future developments

Research and development

The company continually researches the latest designs and fabrics and produces competitive products for our customers.

Future developments

The company continues to seek for greater efficiencies thereby to improve margins as demonstrated this year. Overhead control is critical in this process.

Financial Instruments

Details of the financial instruments are provided in the strategic report.

Disclosure of information in the strategic report.

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations

Basic Thinking Limited

**Directors report (continued)
Year ended 31 December 2015**

Statement of directors responsibilities

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;
- 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.

Auditor

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.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 28 September 2016 and signed on behalf of the board by:



K G Hickey
Director

Basic Thinking Limited

**Independent auditor's report to the shareholders of
Basic Thinking Limited
Year ended 31 December 2015**

We have audited the financial statements of Basic Thinking Limited for the year ended 31 December 2015 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and 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) including FRS102 The Financial Reporting Standard applicable in the UK.

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 auditors 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 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 Directors responsibilities 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 Directors report and the Strategic 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 directors 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 Directors report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Basic Thinking Limited

**Independent auditor's report to the shareholders of
Basic Thinking 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 the 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.

William Oates BA FCA (senior statutory auditor)

For and on behalf of
Brooks Mayfield Audit Limited
Chartered Accountants and Statutory Auditors
12 Bridgford Road
West Bridgford
Nottingham
NG2 6AB

28th September 2016

Basic Thinking Limited

**Statement of income and retained earnings
Year ended 31 December 2015**

	Note	2015 £	2014 £
Turnover	3	17,966,943	24,072,184
Cost of sales		(13,704,326)	(18,608,654)
Gross profit		4,262,617	5,463,530
Distribution costs		(616,373)	(990,839)
Administrative expenses		(3,006,027)	(3,777,765)
Operating profit	4	640,217	694,926
Other interest receivable and similar income	7	24,618	14,802
Interest payable and similar charges	8	(117,272)	(156,193)
Profit on ordinary activities before taxation		547,563	553,535
Tax on profit on ordinary activities	9	(140,025)	(109,723)
Profit for the financial year and total comprehensive income		<u>407,538</u>	<u>443,812</u>
Dividends paid and payable	10	(415,425)	(54,110)
Retained earnings at the start of the year		1,320,339	930,637
Retained earnings at the end of the year		<u>1,312,452</u>	<u>1,320,339</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 25 form part of these financial statements.

Basic Thinking Limited

**Statement of financial position
31 December 2015**

		2015		2014	
				As restated	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11	265,164		404,827	
			265,164		404,827
Current assets					
Stocks	12	745,950		1,216,529	
Debtors:					
Amounts falling due after more than one year	13	1,378,092		1,435,938	
Amounts falling due within one year	13	5,067,962		6,550,996	
Cash at bank and in hand	14	185,126		80,700	
		7,377,130		9,284,163	
Creditors: amounts falling due within one year	15	(6,154,166)		(8,116,891)	
Net current assets			1,222,964		1,167,272
Total assets less current liabilities			1,488,128		1,572,099
Creditors: amounts falling due after more than one year	16		(155,676)		(231,760)
Net assets			1,332,452		1,340,339
Capital and reserves					
Called up share capital	21		10,555		10,555
Share premium account	22		9,445		9,445
Profit and loss account	22		1,312,452		1,320,339
Shareholders funds			1,332,452		1,340,339

The notes on pages 11 to 25 form part of these financial statements.

Basic Thinking Limited

Statement of financial position (continued)
31 December 2015

These financial statements were approved by the board of directors and authorised for issue on 28 September 2016, and are signed on behalf of the board by:

A handwritten signature in black ink, consisting of a large, stylized loop followed by a series of connected strokes that extend to the right.

K G Hickey
Director

Company registration number: 03231869

The notes on pages 11 to 25 form part of these financial statements.

Basic Thinking Limited

**Statement of cash flows
Year ended 31 December 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	407,538	443,812
<i>Adjustments for:</i>		
Depreciation of tangible assets	166,573	194,613
Other interest receivable and similar income	(24,618)	(14,802)
Interest payable and similar charges	117,272	156,193
Gain/(loss) on disposal of tangible assets	-	(40,412)
Tax on profit on ordinary activities	140,025	109,723
Accrued expenses/(income)	(13,444)	232,348
<i>Changes in:</i>		
Stocks	470,579	88,996
Trade and other debtors	1,483,035	(900,994)
Trade and other creditors	(1,209,638)	(73,387)
Cash generated from operations	1,537,322	196,090
Interest paid	(117,272)	(156,193)
Interest received	24,618	14,802
Tax paid	(56,345)	44,611
Net cash from operating activities	<u>1,388,323</u>	<u>99,310</u>
Cash flows from investing activities		
Purchase of tangible assets	(26,910)	(268,794)
Proceeds from sale of tangible assets	-	250,760
Proceeds from sale of interests in associates and joint ventures	-	100
Net cash used in investing activities	<u>(26,910)</u>	<u>(17,934)</u>
Cash flows from financing activities		
Proceeds from borrowings	(924,683)	98,511
Payment of finance lease liabilities	(42,471)	(138,845)
Equity dividends paid	(415,425)	(54,110)
Net cash used in financing activities	<u>(1,382,579)</u>	<u>(94,444)</u>
Net increase/(decrease) in cash and cash equivalents	(21,166)	(13,068)
Cash and cash equivalents at beginning of year	14 80,700	93,768
Cash and cash equivalents at end of year	14 <u>59,534</u>	<u>80,700</u>

Basic Thinking 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. Accounting policies

Basis of preparation

Basic Thinking Limited is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is given in the company information at the front of these financial statements. The nature of the company's operations and principal activities are the design, procurement and sale of fashion clothing.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the company.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the group 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.

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 27.

Judgements and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future, they are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

In preparing these financial statements, the directors have made the following judgements:

Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements.

Impairment of non-current assets. The company assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

Basic Thinking Limited

Notes to the financial statements (continued)

Year ended 31 December 2015

- 1) Significant underperformance relative to historical or projected future operating results;
- 2) Significant changes in the use of the acquired assets or the business strategy, and
- 3) Significant negative industry or economic trends.

The following are the company's key sources of estimation uncertainty:

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are 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 projects disposal values.

Carrying value of stocks

Management review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Basic Thinking Limited

Notes to the financial statements (continued) Year ended 31 December 2015

Taxation

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

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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

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

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:

Plant and machinery	- 15% straight line
Fittings fixtures and equipment	- 20-33% straight line
Motor vehicles	- 25% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Basic Thinking Limited

Notes to the financial statements (continued)

Year ended 31 December 2015

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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 stocks to their present location and condition.

Costs are calculated on a first in, first out basis.

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Basic Thinking Limited

Notes to the financial statements (continued)
Year ended 31 December 2015

3. Turnover

Turnover arises from:

	2015	2014
	£	£
Sale of goods	17,966,943	24,072,184
	<u>17,966,943</u>	<u>24,072,184</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

Geographical markets

	2015	2014
	£	£
United Kingdom	17,811,972	21,321,222
Europe	154,971	2,750,962
	<u>17,966,943</u>	<u>24,072,184</u>

4. Operating profit

Operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of tangible assets	166,573	194,613
(Gain)/loss on disposal of tangible assets	-	(40,412)
Operating lease rentals	102,790	122,820
Foreign exchange differences	(200)	1,363
Defined contribution plans expense	25,126	26,238
Fees payable for the audit of the financial statements	14,060	10,000
	<u>14,060</u>	<u>10,000</u>

Basic Thinking Limited

Notes to the financial statements (continued) Year ended 31 December 2015

5. Staff costs

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

	2015	2014
Administrative staff	38	52
Production staff	11	12
	<u>49</u>	<u>64</u>

The aggregate payroll costs incurred during the year were:

	2015 £	2014 £
Wages and salaries	1,697,772	2,304,168
Social security costs	181,521	263,841
Other pension costs	25,126	26,238
	<u>1,904,419</u>	<u>2,594,247</u>

6. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2015 £	2014 £
Remuneration	255,117	624,188
Company contributions to pension schemes in respect of qualifying services	18,900	18,900
	<u>274,017</u>	<u>643,088</u>

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

	2015 Number	2014 Number
Defined contribution plans	<u>2</u>	<u>2</u>

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

	2015 £	2014 £
Aggregate remuneration	156,653	517,898
Company contributions to pension plans in respect of qualifying services	12,000	12,000
	<u>168,653</u>	<u>529,898</u>

Basic Thinking Limited

Notes to the financial statements (continued)
Year ended 31 December 2015

7. Other interest receivable and similar income

	2015	2014
	£	£
Bank deposits	1	4
Other interest receivable and similar income	24,617	14,798
	<u>24,618</u>	<u>14,802</u>

8. Interest payable and similar charges

	2015	2014
	£	£
Bank loans and overdrafts	3,154	5,411
Finance leases and hire purchase contracts	24,493	33,089
Invoice discounting	86,276	111,643
Other interest payable and similar charges	3,349	6,050
	<u>117,272</u>	<u>156,193</u>

Basic Thinking Limited

Notes to the financial statements (continued)
Year ended 31 December 2015

9. Tax on profit on ordinary activities

Major components of tax expense

	2015	2014
	£	£
Current tax:		
UK current tax expense	140,025	109,723
Tax on profit on ordinary activities	<u>140,025</u>	<u>109,723</u>

The standard tax rate has fallen from 21% to 20% on the 1 April 2015 in line with UK government policies.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2014: lower than) the standard rate of corporation tax in the UK of 20% (2014: 21%).

A reconciliation is given below:

	2015	2014
	£	£
Profit on ordinary activities before taxation	<u>547,563</u>	<u>553,535</u>
Profit on ordinary activities by rate of tax	109,513	116,242
Effect of expenses not deductible for tax purposes	10,048	13,979
Effect of capital allowances and depreciation	19,249	(22,157)
Effect of different UK tax rates on some earnings	1,711	2,538
Marginal relief	(496)	(879)
Tax on profit on ordinary activities	<u>140,025</u>	<u>109,723</u>

10. Dividends

Equity dividends

	2015	2014
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>415,425</u>	<u>54,110</u>

Basic Thinking Limited

Notes to the financial statements (continued)
Year ended 31 December 2015

11. Tangible assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2015	176,989	411,847	381,847	970,683
Additions	4,985	21,925	-	26,910
At 31 December 2015	<u>181,974</u>	<u>433,772</u>	<u>381,847</u>	<u>997,593</u>
Depreciation				
At 1 January 2015	146,144	301,505	118,207	565,856
Charge for the year	9,195	61,916	95,462	166,573
At 31 December 2015	<u>155,339</u>	<u>363,421</u>	<u>213,669</u>	<u>732,429</u>
Carrying amount				
At 31 December 2015	<u>26,635</u>	<u>70,351</u>	<u>168,178</u>	<u>265,164</u>
At 31 December 2014	<u>30,845</u>	<u>110,342</u>	<u>263,640</u>	<u>404,827</u>

Tangible fixed asset with a carrying value of £108,919 (2014: £169,182) are pledged as security for the company's bank loan and overdraft.

Obligations under finance leases

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	<u>156,245</u>
At 31 December 2014	<u>235,645</u>

Basic Thinking Limited

Notes to the financial statements (continued) Year ended 31 December 2015

12. Stocks

	2015	2014
	£	£
Raw materials	78,318	100,269
Work in progress	87,765	106,975
Finished goods	579,867	1,009,285
	<u>745,950</u>	<u>1,216,529</u>

13. Debtors

Debtors falling due within one year are as follows:

	2015	2014
	£	As restated £
Trade debtors	3,910,857	5,245,471
Prepayments and accrued income	49,577	72,698
Other debtors	1,107,528	1,232,827
	<u>5,067,962</u>	<u>6,550,996</u>

Debtors falling due after one year are as follows:

	2015	2014
	£	As restated £
Other debtors	<u>1,378,092</u>	<u>1,435,938</u>

Included within trade debtors are balances totalling £3,910,857 (2014 - £5,245,471) that are subject to invoice discounting arrangements. The trade debtor balances have been transferred to the counterparty, though the transaction does not qualify for derecognition on the basis that the late payment risk / reward is retained by the company. The associated liability recognised in creditors amounts to £3,069,182 (2014: £3,945,925).

14. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2015	2014
	£	£
Cash at bank and in hand	185,126	80,700
Bank overdrafts	(125,592)	-
	<u>59,534</u>	<u>80,700</u>

Basic Thinking Limited

Notes to the financial statements (continued)
Year ended 31 December 2015

15. Creditors: amounts falling due within one year

	2015	2014
	£	£
Bank loans and overdrafts	3,245,775	4,003,114
Trade creditors	2,187,872	3,335,943
Accruals and deferred income	231,886	245,330
Corporation tax	246,684	220,849
Social security and other taxes	195,639	255,172
Obligations under finance leases	42,872	51,011
Other creditors	3,438	5,472
	<u>6,154,166</u>	<u>8,116,891</u>

Bank loans and overdrafts totalling £3,245,775 (2014: £4,003,114) are secured by:

Debenture including Fixed Charge over all present freehold and leasehold property; First fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future dated 15 January 2014. All of which are with HSBC.

Contract Monies Charge by HSBC dated 17 February 2014.

General Letter of Pledge by HSBC dated 15 January 2014.

Bank loan terms of repayment are over the next 5-14 months and interest is payable at 2.5%-3.5% per annum over the Bank of England Base Rate.

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

	2015	2014
	£	£
Bank loans and overdrafts	4,675	44,173
Obligations under finance leases	151,001	185,333
Other creditors	-	2,254
	<u>155,676</u>	<u>231,760</u>

Bank loans totalling £4,675 (2014: £44,173) are secured by:

Debenture including Fixed Charge over all present freehold and leasehold property; First fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future dated 15 January 2014. All of which are with HSBC.

Contract Monies Charge by HSBC dated 17 February 2014.

General Letter of Pledge by HSBC dated 15 January 2014.

Basic Thinking Limited

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

17. Obligations under finance leases and hire purchase contracts

Company lessee

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

	2015	2014
	£	£
Not later than 1 year	4,287	51,011
Later than 1 year and not later than 5 years	151,001	185,333
	<u>155,288</u>	<u>236,344</u>
Present value of minimum lease payments	<u>155,288</u>	<u>236,344</u>

The hire purchases relate primarily to the purchase of motor vehicles. All hire purchase creditors are secured on the assets which they relate to.

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss in relation to defined contribution plans was £25,126 (2014:£26,238).

19. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2015	2014
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>6,396,477</u>	<u>7,914,236</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,385,183)</u>	<u>(3,580,013)</u>

20. Prior year re-classification

The directors have reviewed the classification of the investment with ASK Clothing Co SAE and believe that the investment should have been classified as a loan. The investment has therefore been moved to current assets as a prior year adjustment. The prior year adjustment hasn't had any effect on the opening reserves.

Basic Thinking Limited

Notes to the financial statements (continued) Year ended 31 December 2015

21. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No	£	No	£
Ordinary shares of £1.00 each	10,000	10,000	10,000	10,000
Ordinary B shares of £ 1.00 each	555	555	555	555
	<u>10,555</u>	<u>10,555</u>	<u>10,555</u>	<u>10,555</u>

Ordinary shares have full voting rights and participating rights

Ordinary B shares are non-voting with participating rights

22. Reserves

Share premium account

The share premium account represents the premium arising on the issues of shares net of issue costs.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

23. Operating leases

The company as lessee

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

	2015 £	2014 £
Not later than 1 year	111,628	115,888
Later than 1 year and not later than 5 years	443,256	445,884
Later than 5 years	183,333	293,333
	<u>738,217</u>	<u>855,105</u>

Basic Thinking Limited

Notes to the financial statements (continued) Year ended 31 December 2015

24. Directors advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	Advances/(credits) to the directors		Amounts repaid		Balance outstanding	
	2015	2014	2015	2014	2015	2014
	£	£	£	£	£	£
K G Hickey	104,817	450,006	(336,199)	(5,503)	547,114	778,496

The loan is unsecured and interest is charged on it at 3.25%. There are no repayment terms.

25. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2015	2014	2015	2014
	£	£	£	£
Purchases from other related parties	5,778,615	6,050,420	(64,080)	(179,542)
Sales to other related parties	1,724,714	2,200,748	374,691	734,165
Interest paid on loans from other related parties	179	361	(2,254)	(7,532)
Loans less than one year to other related parties	-	-	138,571	138,571
Loans greater than one year to other related parties	-	-	1,241,316	1,241,316

Purchases and sales with related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is due 30 days from the date of invoice. The company has not provided or benefitted from any guarantees for any related party receivables or payables.

The loans from other related parties are unsecured and interest is charged at a rate of base rate + 3%. The company has not provided any guarantees for the loan. All amounts are due less than 1 year (2014: < 1 year £5,278, > 1 year £2,254).

The loans due in less than one year to other related parties are unsecured and interest free. The company has not benefitted from any guarantees for the loan. All amounts are due less than 1 year.

The loans due greater than one year to other related parties are unsecured and interest free. The company has not benefitted from any guarantees for the loan. All amounts are due on demand with a 53 weeks' notice period.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £274,017 (2014: £643,088), fees paid to them were £101,391 (2014: £91,820) and dividends paid to them were £415,425 (2014: £54,110). Rent paid to them amounted to £98,530 (2014: £110,040). Fees outstanding at the year end were £3,032 (2014: £5,786). There were no other amounts outstanding at the year end.

Basic Thinking Limited

Notes to the financial statements (continued)
Year ended 31 December 2015

26. Controlling party

K Hickey is in overall control of the company due to his directorship, day to day involvement and 50% shareholding.

27. 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.

Reconciliation of equity

No transitional adjustments were required.

Reconciliation of profit or loss for the year

No transitional adjustments were required.

28. Guarantees

On the 12 February 2014 a guarantee was signed in the favour of HMRC for £200,000.