Registered number: 05263274

# GEMCOM LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2015

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## GEMCOM LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | G E Millar<br>H P Millar |
| **Company secretary** | H P Millar |
| **Registered number** | 05263274 |
| **Registered office** | 68 Great Portland Street<br>London<br>W1W 7NG |
| **Trading Address** | 68 Great Portland Street<br>London<br>W1W 7NG |
| **Independent auditors** | Haslers<br>Chartered Accountants & Statutory Auditor<br>Old Station Road<br>Loughton<br>Essex<br>IG10 4PL |

GEMCOM LIMITED

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# STRATEGIC REPORT
# FOR THE YEAR ENDED 31 DECEMBER 2015

## Introduction

The principal activity of the company is the buying and selling of animal feed ingredients.

## Business review

The main objectives of Gemcom Limited is to trade profitably, manage risks effectively and continue to grow the scope of its trading. The company's strategy is to maintain existing business by working in a successful and productive environment with customers and suppliers and attract new business by adding new customers as well as products traded. The company plans to remain firmly within the constraints of just handling and placing grain and animal feed materials on the market, Gemcom's primary function. The business model currently in place is not expected to change and a Central London office from where sales and purchases are negotiated, as well as administrative functions carried out, is set to remain. The company has a young team whose experience grows each year and with time it is hoped can facilitate the projected growth.

## Principal risks and uncertainties

The risks managed by the company are market price related, but also fall into the area of feed safety. The company manages market and price risk using its vast experience of the trade by the most senior trading personnel as well as its IT system that it has invested considerably in, to be on top of position keeping and awareness of its financial position. The company subscribes to various forms of accreditation that help to ensure feed safety risks are managed effectively and according to the law. The company also enters into forward exchange contracts to remove the uncertainty inherent in foreign currency rates.

## Financial key performance indicators

The company considers its key performance indicators to be turnover, gross margin, number of customer orders, variety of feed materials traded and availability of funding. The current year, being Gemcom's 11th since its inception, has been another good trading period. Turnover has increased quite substantially from £34.7m in the previous year to £43m. Gross margin also increased from £1.6m to just over £2m and the gross profit margin percentage increased slightly from 4.5% to 4.7%. This has led to an overall increase in profit before taxation in the current year to £1.3m. The balance sheet is showing a strong position; net assets value being just over £2m. Management considers that the company's performance and financial position are good given the market conditions in the year.

## Other key performance indicators

Other key performance indicators are the number of meetings that the traders arrange with customers and suppliers and the volume of bank transactions in a month.

This report was approved by the board on 29 September 2016 and signed on its behalf.

**G E Millar**
Director



## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2015

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

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

### Results and dividends

The profit for the year, after taxation, amounted to £1,058,140 *(2014 - £493,661)*.

During the year dividends amounting to £510,000 were paid out to shareholders of the company.

### Directors

The directors who served during the year were:

G E Millar
H P Millar

### Future developments

Management is maintaining good relationships with its funders and is looking forward to grow the Company and produce good results in the following year and subsequent years.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## DIRECTORS' REPORT (CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2015

### Post balance sheet events

There have been no significant events affecting the Company since the year end.

### Auditors

The auditors, Haslers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 September 2016 and signed on its behalf.



**G E Millar**
Director

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GEMCOM LIMITED

We have audited the financial statements of Gemcom Limited for the year ended 31 December 2015, set out on pages 6 to 23. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 2, 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 Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' 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 2015 and of its profit or loss 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

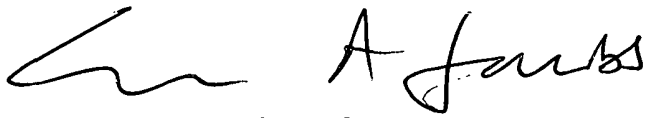
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those accounts. In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors Report.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GEMCOM LIMITED (CONTINUED)

**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.



Laurence A Jacobs (Senior Statutory Auditor)

for and on behalf of
**Haslers**

Chartered Accountants
Statutory Auditor

Old Station Road
Loughton
Essex
IG10 4PL

29 September 2016

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2015

| | Note | 2015 £ | 2014 £ |
|---|---|---|---|
| Turnover | 4 | **43,046,740** | *34,733,804* |
| Cost of sales | | **(41,029,392)** | *(33,177,398)* |
| **Gross profit** | | **2,017,348** | *1,556,406* |
| Administrative expenses | | **(917,158)** | *(843,506)* |
| Other operating income | 5 | **246,473** | - |
| **Operating profit** | 6 | **1,346,663** | *712,900* |
| Interest receivable and similar income | 10 | **21,288** | *17,138* |
| Interest payable and expenses | 11 | **(38,811)** | *(102,428)* |
| **Profit before tax** | | **1,329,140** | *627,610* |
| Tax on profit | 12 | **(271,000)** | *(133,949)* |
| **Profit for the year** | | **1,058,140** | *493,661* |

There were no recognised gains and losses for 2015 or 2014 other than those included in the statement of comprehensive income.

There were no other comprehensive income for 2015 (2014:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

**GEMCOM LIMITED**
**REGISTERED NUMBER: 05263274**

## BALANCE SHEET
## AS AT 31 DECEMBER 2015

| | Note | £ | 2015 £ | £ | *2014 £* |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 14 | | **1,312** | | *9,942* |
| | | | **1,312** | | *9,942* |
| **Current assets** | | | | | |
| Stocks | 15 | **6,419,505** | | *3,759,178* | |
| Debtors: amounts falling due within one year | 16 | **5,946,475** | | *3,742,815* | |
| Cash at bank and in hand | 17 | **961,811** | | *1,289,942* | |
| | | **13;327,791** | | *8,791,935* | |
| Creditors: amounts falling due within one year | 18 | **(11,314,121)** | | *(7,335,035)* | |
| **Net current assets** | | | **2,013,670** | | *1,456,900* |
| **Total assets less current liabilities** | | | **2,014,982** | | *1,466,842* |
| **Net assets** | | | **2,014,982** | | *1,466,842* |
| **Capital and reserves** | | | | | |
| Called up share capital | 20 | | **70,000** | | *70,000* |
| Profit and loss account | 21 | | **1,944,982** | | *1,396,842* |
| | | | **2,014,982** | | *1,466,842* |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2016.

**G E Millar**
Director

The notes on pages 11 to 23 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2015

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 January 2015 | **70,000** | **1,396,842** | **1,466,842** |
| **Comprehensive income for the year** | | | |
| Profit for the year | **-** | **1,058,140** | **1,058,140** |
| **Other comprehensive income for the year** | **-** | **-** | **-** |
| **Total comprehensive income for the year** | **-** | **1,058,140** | **1,058,140** |
| Dividends: Equity capital | **-** | **(510,000)** | **(510,000)** |
| **Total transactions with owners** | **-** | **(510,000)** | **(510,000)** |
| **At 31 December 2015** | **70,000** | **1,944,982** | **2,014,982** |

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2014

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 January 2014 | **70,000** | **1,256,181** | **1,326,181** |
| **Comprehensive income for the year** | | | |
| Profit for the year | **-** | **493,661** | **493,661** |
| **Other comprehensive income for the year** | **-** | **-** | **-** |
| **Total comprehensive income for the year** | **-** | **493,661** | **493,661** |
| Dividends: Equity capital | **-** | **(353,000)** | **(353,000)** |
| **Total transactions with owners** | **-** | **(353,000)** | **(353,000)** |
| **At 31 December 2014** | **70,000** | **1,396,842** | **1,466,842** |

The notes on pages 11 to 23 form part of these financial statements.

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2015

| | 2015<br>£ | 2014<br>£ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the financial year | **1,058,140** | *493,661* |
| **Adjustments for:** | | |
| Depreciation of tangible assets | **8,630** | *10,819* |
| Interest paid | **38,811** | *102,428* |
| Interest received | **(21,288)** | *(17,138)* |
| Taxation | **271,000** | *133,949* |
| (Increase)/decrease in stocks | **(2,660,328)** | *892,979* |
| (Increase)/decrease in debtors | **(1,957,189)** | *774,097* |
| Increase/(decrease)) in creditors | **3,643,051** | *(1,693,337)* |
| Corporation tax | **(133,949)** | *(172,234)* |
| **Net cash generated from operating activities** | **246,878** | *525,224* |
| **Cash flows from investing activities** | | |
| Purchase of tangible fixed assets | **-** | *(736)* |
| Interest received | **21,288** | *17,138* |
| **Net cash from investing activities** | **21,288** | *16,402* |
| **Cash flows from financing activities** | | |
| Movements on invoice discounting | **836,310** | *(168,418)* |
| Dividends paid | **(510,000)** | *(353,000)* |
| Interest paid | **(38,811)** | *(102,428)* |
| **Net cash used in financing activities** | **287,499** | *(623,846)* |
| Cash and cash equivalents at beginning of year | **(2,343,359)** | *(2,261,140)* |
| **Cash and cash equivalents at the end of year** | **(1,787,694)** | *(2,343,360)* |
| **Cash and cash equivalents at the end of year comprise:** | | |
| Cash at bank and in hand | **961,811** | *1,289,942* |
| Bank overdrafts | **(2,995,977)** | *(3,633,302)* |
| | **(2,034,166)** | *(2,343,360)* |

## 1. *General information*

Gemcom Limited is a limited company incorporated in the United Kingdom. The address of the registered office is given on the company information page of these financial statements. The nature of the company's operation and principal activity is buying and selling of animal feeds.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 26.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## 2. Accounting policies (continued)

### 2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|---|---|
| Short-term leasehold property | - over the period of the lease |
| Plant and machinery | - 25% |
| Fixtures and fittings | - 25% |
| Office equipment | - 25% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

### 2.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

### 2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## 2. Accounting policies (continued)

### 2.8 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

### 2.9 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### 2.11 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

## 2. Accounting policies (continued)

### 2.12 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

### 2.13 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

### 2.14 Taxation

Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

### 2.15 Employee Benefit Trust

The company established an Employee Benefit Trust (EBT) in an earlier accounting period for the benefit of certain employees. The assets and liabilities of the EBT are included within the relevant assets and liabilities of the company until such time as the assets of the EBT vest unconditionally with the employees.

## 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in Note 2, management has made some judgements that have a significant effect on the amounts recognised in the financial statements. These also include key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue Recognition
Refer to Note 2.2.

Accounts receivable
In order to monitor potential credit losses, the company performs ongoing credit evaluations of its customers' financial condition. An allowance for doubtful accounts is maintained for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. The allowance for doubtful accounts is reviewed periodically to assess the adequacy of the allowance.

## 4. Turnover

An analysis of turnover by class of business is as follows:

| | 2015 £ | 2014 £ |
|---|---|---|
| Sales of animal feeds | **43,046,740** | *34,733,804* |
| | **43,046,740** | *34,733,804* |

Analysis of turnover by country of destination:

| | 2015 £ | 2014 £ |
|---|---|---|
| United Kingdom | **40,884,098** | *31,907,173* |
| Rest of Europe | **2,162,642** | *2,826,631* |
| | **43,046,740** | *34,733,804* |

## 5. Other operating income

| | 2015 £ | 2014 £ |
|---|---|---|
| Foreign exchange Gain on derivative | **246,473** | - |
| | **246,473** | - |

## 6. Operating profit

The operating profit is stated after charging:

| | 2015 £ | 2014 £ |
|---|---|---|
| Depreciation of tangible fixed assets | **8,630** | *10,819* |
| Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts | **-** | *15,000* |
| Exchange differences | **(530,438)** | *(112,586)* |
| Defined contribution pension cost | **4,800** | *4,800* |

## 7. Auditors' remuneration

| | 2015 £ | 2014 £ |
|---|---|---|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | **16,600** | *15,000* |
| | **16,600** | *15,000* |
| **Fees payable to the Company's auditor and its associates in respect of:** | | |
| The auditing of accounts of associates of the Company pursuant to legislation | **15,450** | *15,000* |
| All other services | **1,150** | - |
| | **16,600** | *15,000* |

## 8. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2015 £ | 2014 £ |
|---|---|---|
| Wages and salaries | **549,294** | *404,872* |
| Social security costs | **63,739** | *47,642* |
| Cost of defined contribution scheme | **4,800** | *4,800* |
| | **617,833** | *457,314* |

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

| | 2015 No. | 2014 No. |
|---|---|---|
| Administration | **4** | *4* |
| Sales | **5** | *5* |
| | **9** | *9* |

## 9. Directors' remuneration

| | 2015 £ | 2014 £ |
|---|---|---|
| Directors' emoluments | **46,658** | *103,126* |
| Compensation for loss of office | **30,000** | - |
| | **76,658** | *103,126* |

## 10. Interest receivable

| | 2015 £ | 2014 £ |
|---|---|---|
| Other interest receivable | **21,288** | *17,138* |
| | **21,288** | *17,138* |

## 11. Interest payable and similar charges

| | 2015 £ | 2014 £ |
|---|---|---|
| Bank interest payable | **38,811** | *102,428* |
| | **38,811** | *102,428* |

## 12. Taxation

| | 2015 £ | 2014 £ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | **271,000** | *133,949* |
| | **271,000** | *133,949* |
| **Total current tax** | **271,000** | *133,949* |
| **Deferred tax** | | |
| **Total deferred tax** | - | - |
| **Taxation on profit on ordinary activities** | **271,000** | *133,949* |

## 12. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2014 - the same as)* the standard rate of corporation tax in the UK of 20.22% *(2014 - 21.5%)* as set out below:

| | 2015<br>£ | *2014*<br>*£* |
|---|---|---|
| Profit on ordinary activities before tax | **1,329,140** | *627,610* |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.22% (2014 - 21.5%) | **268,752** | *134,936* |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **340** | *291* |
| Capital allowances for year in excess of depreciation | **1,602** | *1,982* |
| Marginal relief | **-** | *(3,217)* |
| Miscellaneous adjustments | **306** | *(43)* |
| **Total tax charge for the year** | **271,000** | *133,949* |

### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

## 13. Dividends

| | 2015<br>£ | *2014*<br>*£* |
|---|---|---|
| Dividends on ordinary shares | **510,000** | *353,000* |
| | **510,000** | *353,000* |

## 14. Tangible fixed assets

| | Short-term leasehold property | Plant and machinery | Fixtures and fittings | Office equipment | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost or valuation** | | | | | |
| At 1 January 2015 | **6,257** | **19,187** | **36,594** | **37,646** | **99,684** |
| At 31 December 2015 | **6,257** | **19,187** | **36,594** | **37,646** | **99,684** |
| **Depreciation** | | | | | |
| At 1 January 2015 | **5,699** | **19,187** | **29,961** | **34,895** | **89,742** |
| Charge owned for the period | **279** | **-** | **6,034** | **2,317** | **8,630** |
| At 31 December 2015 | **5,978** | **19,187** | **35,995** | **37,212** | **98,372** |
| **Net book value** | | | | | |
| At 31 December 2015 | **279** | **-** | **599** | **434** | **1,312** |
| *At 31 December 2014* | *558* | - | *6,633* | *2,751* | *9,942* |

The net book value of land and building may be further analysed as follows:

| | 2015 | *2014* |
|---|---|---|
| | £ | £ |
| Short leasehold | **279** | *558* |
| | **279** | *558* |

## 15. Stocks

| | 2015 | *2014* |
|---|---|---|
| | £ | £ |
| Raw materials and consumables | **6,419,505** | *3,759,178* |
| | **6,419,505** | *3,759,178* |

## 16. Debtors

| | 2015 £ | 2014 £ |
|---|---|---|
| Trade debtors | **4,010,198** | *2,540,529* |
| Other debtors | **1,674,814** | *1,185,530* |
| Prepayments and accrued income | **14,990** | *16,756* |
| Financial instruments | **246,473** | - |
| | **5,946,475** | *3,742,815* |

In line with the Company's accounting policy in Note 2.15, a loan debtor balance of £550,000 (2014: £550,000) attributable to the Company's Employee Benefit Trust (EBT) is included within other debtors above.

## 17. Cash and cash equivalents

| | 2015 £ | 2014 £ |
|---|---|---|
| Cash at bank and in hand | **961,811** | *1,289,942* |
| Less: bank overdrafts | **(2,995,977)** | *(3,633,302)* |
| | **(2,034,166)** | *(2,343,360)* |

## 18. Creditors: Amounts falling due within one year

| | 2015 £ | 2014 £ |
|---|---|---|
| Bank overdrafts | **2,995,977** | *3,633,302* |
| Trade creditors | **5,600,819** | *1,955,322* |
| Corporation tax | **271,000** | *133,949* |
| Proceeds of factored debts | **2,245,590** | *1,409,281* |
| Accruals and deferred income | **200,735** | *203,181* |
| | **11,314,121** | *7,335,035* |

The bank loan and overdraft and secured on the assets of the company.
The proceeds of invoice discounting are secured on the trade debtors balance to which they relate.

## 19. Financial instruments

| | 2015 £ | 2014 £ |
|---|---|---|
| **Financial assets** | | |
| Financial assets measured at fair value through profit or loss | **961,811** | *1,289,942* |
| Financial assets that are debt instruments measured at amortised cost | **5,931,487** | *3,726,059* |
| | **6,893,298** | *5,016,001* |
| **Financial liabilities** | | |
| Financial liabilities measured at amortised cost | **(8,797,531)** | *(5,791,805)* |
| | **(8,797,531)** | *(5,791,805)* |

## 20. Share capital

| | 2015 £ | 2014 £ |
|---|---|---|
| **Shares classified as equity** | | |
| **Allotted, called up and fully paid** | | |
| 70,000 Ordinary shares shares of £1 each | **70,000** | *70,000* |

## 21. Reserves

### Profit and loss account

The profit and loss account represents accumulated profits of the company after dividends paid.

## 22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £4,800 (2014: £4,800).

## 23. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2015<br>£ | *2014*<br>*£* |
|---|---|---|
| Later than 1 year and not later than 5 years | **40,000** | *80,000* |
| | **40,000** | *80,000* |

## 24. Transactions with directors

G E and H P Millar each received a dividend of £255,000 (2014: £176,500). At the year end, G E and H P Millar owed the company £901,992 (2015: £509,531). Interest of £21,288 (2014: £16,776) has been charged on the amount overdrawn during the year.

## 25. Directors' personal guarantees

G E Millar has provided a personal guarantee of £550,000 (2014: £550,000) against the borrowings of the company.

## 26. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.