

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2016  
FOR  
HOWORTHS (NELSON) LIMITED**

Ainsworths Limited  
Chartered Accountants  
and Statutory Auditors  
Charter House  
Stansfield Street  
Nelson  
Lancashire  
BB9 9XY

FRIDAY



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COMPANIES HOUSE

**HOWORTHS (NELSON) LIMITED**

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FOR THE YEAR ENDED 30TH JUNE 2016**

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**HOWORTHS (NELSON) LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

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**DIRECTORS:**

D Blackadder  
S W Blackadder  
C I Blackadder

**SECRETARY:**

C I Blackadder

**REGISTERED OFFICE:**

Manor Mill  
Hallam Road  
Nelson  
Lancashire  
BB9 8DN

**REGISTERED NUMBER:**

00195276 (England and Wales)

**AUDITORS:**

Ainsworths Limited  
Chartered Accountants  
and Statutory Auditors  
Charter House  
Stansfield Street  
Nelson  
Lancashire  
BB9 9XY

# **HOWORTHS (NELSON) LIMITED**

## **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30TH JUNE 2016**

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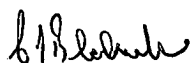
The directors present their strategic report of the company and the group for the year ended 30th June 2016.

### **REVIEW OF BUSINESS**

Current year trading activities have been restructured. Although this resulted in a decrease in turnover of some 52% on 2015 there was a marked improvement on the gross profit generated which represented 15.48% (2015: 8.71%) of turnover. In addition overhead costs decreased by some 47% on 2015 representing a decrease of £539,001 in monetary terms.

All things considered however, the directors consider the state of affairs to the group to be satisfactory. The Balance Sheet at the year end remains strong with a value in excess of £2,800,000.

### **ON BEHALF OF THE BOARD:**



C I Blackadder - Director

7th December 2016

## **HOWORTHS (NELSON) LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2016**

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The directors present their report with the financial statements of the company and the group for the year ended 30th June 2016.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 30th June 2016.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1st July 2015 to the date of this report.

D Blackadder  
S W Blackadder  
C I Blackadder

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

#### **AUDITORS**

The auditors, Ainsworths Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

#### **ON BEHALF OF THE BOARD:**



C I Blackadder - Director

7th December 2016

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOWORTHS (NELSON) LIMITED**

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We have audited the financial statements of Howorths (Nelson) Limited for the year ended 30th June 2016 on pages six to twenty four. 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 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent 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 Group Strategic Report and the Report of the Directors 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 group's and of the parent company's affairs as at 30th June 2016 and of the group's 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HOWORTHS (NELSON) LIMITED**

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**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Ian Dugmore (Senior Statutory Auditor)  
for and on behalf of Ainsworths Limited  
Chartered Accountants  
and Statutory Auditors  
Charter House  
Stansfield Street  
Nelson  
Lancashire  
BB9 9XY

7th December 2016

**HOWORTHS (NELSON) LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2016**

		30.6.16		30.6.15	
	Notes	£	£	£	£
<b>TURNOVER</b>	2		3,253,871		6,821,833
Cost of sales			2,750,224		6,227,397
<b>GROSS PROFIT</b>			503,647		594,436
Distribution costs		8,362		9,269	
Administrative expenses		633,892		1,178,384	
			642,254		1,187,653
			(138,607)		(593,217)
Other operating income			198,763		191,480
<b>OPERATING PROFIT/(LOSS)</b>	4		60,156		(401,737)
Interest payable and similar charges	5		28,810		39,832
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			31,346		(441,569)
Tax on profit/(loss) on ordinary activities	6		7,091		(698)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>			24,255		(440,871)
<b>OTHER COMPREHENSIVE INCOME</b>			-		-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			24,255		(440,871)
Profit/(loss) attributable to: Owners of the parent			24,255		(440,871)
Total comprehensive income attributable to: Owners of the parent			24,255		(440,871)

The notes form part of these financial statements



**CONSOLIDATED BALANCE SHEET**  
**30TH JUNE 2016**

	Notes	30.6.16 £	30.6.15 £
<b>FIXED ASSETS</b>			
Intangible assets	8	1	1
Tangible assets	9	1,219,889	1,361,853
Investments	10	-	-
Investment property	11	1,709,806	1,709,806
		<u>2,929,696</u>	<u>3,071,660</u>
<b>CURRENT ASSETS</b>			
Stocks	12	992,073	1,447,024
Debtors	13	926,297	1,713,426
Cash at bank and in hand		162,870	1,880
		<u>2,081,240</u>	<u>3,162,330</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	1,771,965	2,924,517
<b>NET CURRENT ASSETS</b>		<u>309,275</u>	<u>237,813</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,238,971</u>	<u>3,309,473</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(413,283)	(507,731)
<b>PROVISIONS FOR LIABILITIES</b>	19	-	(309)
<b>NET ASSETS</b>		<u>2,825,688</u>	<u>2,801,433</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1,000	1,000
Revaluation reserve	21	4,533	4,533
Other reserves	21	1,219,994	1,219,994
Retained earnings	21	1,600,161	1,575,906
<b>SHAREHOLDERS' FUNDS</b>		<u>2,825,688</u>	<u>2,801,433</u>

The financial statements were approved by the Board of Directors on 7th December 2016 and were signed on its behalf by:



C I Blackadder - Director

The notes form part of these financial statements

**COMPANY BALANCE SHEET**  
**30TH JUNE 2016**

	Notes	30.6.16 £	£	30.6.15 £	£
<b>FIXED ASSETS</b>					
Intangible assets	8		-		-
Tangible assets	9		-		-
Investments	10		1,324,620		1,324,720
Investment property	11		1,031,368		1,056,372
			<u>2,355,988</u>		<u>2,381,092</u>
<b>CURRENT ASSETS</b>					
Debtors	13	1,840,937		2,090,797	
Cash at bank		625		934	
		<u>1,841,562</u>		<u>2,091,731</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	14	344,775		504,135	
<b>NET CURRENT ASSETS</b>					
			<u>1,496,787</u>		<u>1,587,596</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<u><u>3,852,775</u></u>		<u><u>3,968,688</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		1,000		1,000
Other reserves	21		1,219,994		1,219,994
Retained earnings	21		2,631,781		2,747,694
<b>SHAREHOLDERS' FUNDS</b>					
			<u><u>3,852,775</u></u>		<u><u>3,968,688</u></u>

The financial statements were approved by the Board of Directors on 7th December 2016 and were signed on its behalf by:



C I Blackadder - Director

The notes form part of these financial statements

**HOWORTHS (NELSON) LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

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	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Revaluation reserve £</b>	<b>Other reserves £</b>	<b>Total equity £</b>
<b>Balance at 1st July 2014</b>	1,000	2,016,777	4,533	1,219,994	3,242,304
<b>Changes in equity</b>					
Total comprehensive income	-	(440,871)	-	-	(440,871)
<b>Balance at 30th June 2015</b>	<u>1,000</u>	<u>1,575,906</u>	<u>4,533</u>	<u>1,219,994</u>	<u>2,801,433</u>
<b>Changes in equity</b>					
Total comprehensive income	-	24,255	-	-	24,255
<b>Balance at 30th June 2016</b>	<u><u>1,000</u></u>	<u><u>1,600,161</u></u>	<u><u>4,533</u></u>	<u><u>1,219,994</u></u>	<u><u>2,825,688</u></u>

The notes form part of these financial statements

**HOWORTHS (NELSON) LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

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	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Other reserves £</b>	<b>Total equity £</b>
<b>Balance at 1st July 2014</b>	1,000	3,293,639	1,219,994	4,514,633
<b>Changes in equity</b>				
Total comprehensive income	-	(545,945)	-	(545,945)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30th June 2015</b>	1,000	2,747,694	1,219,994	3,968,688
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Changes in equity</b>				
Total comprehensive income	-	(115,913)	-	(115,913)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30th June 2016</b>	1,000	2,631,781	1,219,994	3,852,775
	<hr/>	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

**HOWORTH'S (NELSON) LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016**

		<b>30.6.16</b>	<b>30.6.15</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,145,360	928,811
Interest paid		(24,388)	(34,089)
Interest element of hire purchase payments paid		(4,422)	(5,743)
Net cash from operating activities		<u>1,116,550</u>	<u>888,979</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(9,518)	(35,413)
Sale of tangible fixed assets		43,000	76,578
Net cash from investing activities		<u>33,482</u>	<u>41,165</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(38,834)	(37,457)
Capital repayments in year		(41,364)	(55,041)
Amount withdrawn by directors		(160,154)	(115,811)
Net cash from financing activities		<u>(240,352)</u>	<u>(208,309)</u>
<b>Increase in cash and cash equivalents</b>		<u>909,680</u>	<u>721,835</u>
<b>Cash and cash equivalents at beginning of year</b>	2	(1,271,933)	(1,993,768)
<b>Cash and cash equivalents at end of year</b>	2	<u>(362,253)</u>	<u>(1,271,933)</u>

The notes form part of these financial statements

**HOWORTHS (NELSON) LIMITED****NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016****1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	30.6.16	30.6.15
	£	£
Profit/(loss) before taxation	31,346	(441,569)
Depreciation charges	106,703	119,966
Loss on disposal of fixed assets	1,779	1,539
Finance costs	28,810	39,832
	<u>168,638</u>	<u>(280,232)</u>
Decrease in stocks	454,951	895,918
Decrease in trade and other debtors	787,129	805,357
Decrease in trade and other creditors	(265,358)	(492,232)
	<u>1,145,360</u>	<u>928,811</u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30th June 2016**

	30.6.16	1.7.15
	£	£
Cash and cash equivalents	162,870	1,880
Bank overdrafts	(525,123)	(1,273,813)
	<u>(362,253)</u>	<u>(1,271,933)</u>

**Year ended 30th June 2015**

	30.6.15	1.7.14
	£	£
Cash and cash equivalents	1,880	209,478
Bank overdrafts	(1,273,813)	(2,203,246)
	<u>(1,271,933)</u>	<u>(1,993,768)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2016

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1. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Basis of consolidation**

The consolidated financial statements include the company and all its subsidiary undertakings. Inter group sales and profits are eliminated fully on consolidation.

**Turnover**

Turnover represents the net invoiced sale of goods and services, excluding value added tax.

**Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated useful life.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost and 2% on cost excluding land value
Plant and machinery	- 20% on cost and 10% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 10% on cost

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

In accordance with the Statements of Standard Accounting Practice 19, certain of the group's properties are held for long-term investment and are included in the Balance Sheet at their open market values. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the accounts may give a true and fair view because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

## HOWORTHS (NELSON) LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30TH JUNE 2016

#### 1. ACCOUNTING POLICIES - continued

##### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

##### **Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

#### 2. TURNOVER

The turnover and profit (2015 - loss) before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is given below:

	30.6.16	30.6.15
	£	£
United Kingdom	3,251,229	6,791,261
Europe	1,277	1,170
Africa	-	27,673
North America	1,365	1,729
	<u>3,253,871</u>	<u>6,821,833</u>

#### 3. STAFF COSTS

	30.6.16	30.6.15
	£	£
Wages and salaries	622,271	735,355
Social security costs	59,486	67,082
Other pension costs	3,059	1,834
	<u>684,816</u>	<u>804,271</u>

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

	30.6.16	30.6.15
Management and administration	9	12
Production	15	18
	<u>24</u>	<u>30</u>



**HOWORTHS (NELSON) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2016****4. OPERATING PROFIT/(LOSS)**

The operating profit (2015 - operating loss) is stated after charging:

	30.6.16	30.6.15
	£	£
Hire of plant and machinery	26,157	25,028
Depreciation - owned assets	78,616	82,326
Depreciation - assets on hire purchase contracts	28,087	37,640
Loss on disposal of fixed assets	1,779	1,539
Auditors' remuneration	11,595	13,299
Foreign exchange differences	705	167,153
	<u>38,317</u>	<u>20,484</u>
Directors' remuneration	<u>38,317</u>	<u>20,484</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	30.6.16	30.6.15
	£	£
Bank interest	1,487	7,285
Bank loan interest	9,553	10,931
Other interest	5	917
Invoice discounting interest	13,343	14,956
Hire purchase interest	4,422	5,743
	<u>28,810</u>	<u>39,832</u>

**6. TAXATION****Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	30.6.16	30.6.15
	£	£
Current tax:		
UK corporation tax	10,536	-
Overprovided in previous years	(3,136)	-
Total current tax	<u>7,400</u>	-
Deferred tax:		
Origination and reversal of timing differences	(309)	(698)
Tax on profit/(loss) on ordinary activities	<u>7,091</u>	<u>(698)</u>

**HOWORTHS (NELSON) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2016****6. TAXATION - continued****Reconciliation of total tax charge/(credit) included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.16 £	30.6.15 £
Profit/(loss) on ordinary activities before tax	<u>31,346</u>	<u>(441,569)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	6,269	(88,314)
Effects of:		
Expenses not deductible for tax purposes	4,662	(56,166)
Depreciation in excess of capital allowances	13,048	11,088
(Decrease)/Increase in tax losses carried forward	(13,443)	132,699
Attributable to indexation allowance	-	(5)
Overprovided in previous years	<u>(3,445)</u>	<u>-</u>
Total tax charge/(credit)	<u>7,091</u>	<u>(698)</u>

**7. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(115,913) (2015 - £(545,945)).

**8. INTANGIBLE FIXED ASSETS****Group****COST**

At 1st July 2015  
and 30th June 2016

**Goodwill**  
£

1

**NET BOOK VALUE**

At 30th June 2016

1

At 30th June 2015

1

**HOWORTHS (NELSON) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2016**

**9. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1st July 2015	1,250,179	1,062,045	100,618
Additions	-	9,163	-
Reclassification/transfer	-	(10,983)	3,715
At 30th June 2016	1,250,179	1,060,225	104,333
<b>DEPRECIATION</b>			
At 1st July 2015	193,807	892,484	100,618
Charge for year	25,004	49,098	372
Eliminated on disposal	-	-	-
Reclassification/transfer	-	(4,684)	466
At 30th June 2016	218,811	936,898	101,456
<b>NET BOOK VALUE</b>			
At 30th June 2016	1,031,368	123,327	2,877
At 30th June 2015	1,056,372	169,561	-
	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 1st July 2015	189,417	-	2,602,259
Additions	-	355	9,518
Disposals	(76,764)	-	(76,764)
Reclassification/transfer	-	7,268	-
At 30th June 2016	112,653	7,623	2,535,013
<b>DEPRECIATION</b>			
At 1st July 2015	53,497	-	1,240,406
Charge for year	31,486	743	106,703
Eliminated on disposal	(31,985)	-	(31,985)
Reclassification/transfer	-	4,218	-
At 30th June 2016	52,998	4,961	1,315,124
<b>NET BOOK VALUE</b>			
At 30th June 2016	59,655	2,662	1,219,889
At 30th June 2015	135,920	-	1,361,853

**HOWORTHS (NELSON) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2016****9. TANGIBLE FIXED ASSETS - continued****Group**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
<b>COST</b>	
At 1st July 2015	172,421
Disposals	(76,764)
At 30th June 2016	95,657
<b>DEPRECIATION</b>	
At 1st July 2015	50,381
Charge for year	28,087
Eliminated on disposal	(31,985)
At 30th June 2016	46,483
<b>NET BOOK VALUE</b>	
At 30th June 2016	49,174
At 30th June 2015	122,040

**10. FIXED ASSET INVESTMENTS****Company**

	Shares in group undertakings £
<b>COST</b>	
At 1st July 2015	1,324,720
Impairments	(100)
At 30th June 2016	1,324,620
<b>NET BOOK VALUE</b>	
At 30th June 2016	1,324,620
At 30th June 2015	1,324,720

**HOWORTHS (NELSON) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2016****10. FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries****Howorths Textiles Limited**

Nature of business: Textile manufacturers

	% holding		
Class of shares:			
Ordinary	100.00	30.6.16 £	30.6.15 £
Aggregate capital and reserves		330,093	308,109
Profit for the year		21,984	1,753

**Blackadder Properties Limited**

Nature of business: Property rental

	% holding		
Class of shares:			
Ordinary	100.00	30.6.16 £	30.6.15 £
Aggregate capital and reserves		40,549	(63,461)
Profit for the year		104,010	104,410

**The Car Village (Burnley) Limited**

Nature of business: Dormant

	% holding		
Class of shares:			
Ordinary	100.00	30.6.16 £	30.6.15 £
Aggregate capital and reserves		-	(14,074)
Profit for the year		14,074	1,089

**11. INVESTMENT PROPERTY****Group****FAIR VALUE**

At 1st July 2015

and 30th June 2016

**NET BOOK VALUE**

At 30th June 2016

At 30th June 2015

Total  
£

1,709,806

1,709,806

1,709,806

**HOWORTHS (NELSON) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2016****11. INVESTMENT PROPERTY - continued****Group**

Cost or valuation at 30th June 2016 is represented by:

	<b>£</b>
Valuation in 2016	<b><u>1,709,806</u></b>

If investment properties had not been revalued they would have been included at the following historical cost:

	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>
Cost	<b><u>1,870,328</u></b>	<b><u>1,870,328</u></b>
Aggregate depreciation	<b><u>(165,055)</u></b>	<b><u>(165,055)</u></b>

Investment properties were valued on a fair value basis on 30th June 2016 by the directors.

**Company**

	<b>Total £</b>
<b>FAIR VALUE</b>	
At 1st July 2015	<b>1,056,372</b>
Impairments	<b><u>(25,004)</u></b>
At 30th June 2016	<b><u>1,031,368</u></b>
<b>NET BOOK VALUE</b>	
At 30th June 2016	<b><u>1,031,368</u></b>
At 30th June 2015	<b><u>1,056,372</u></b>

Cost or valuation at 30th June 2016 is represented by:

	<b>£</b>
Valuation in 2016	<b><u>1,031,368</u></b>

If investment property had not been revalued it would have been included at the following historical cost:

	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>
Cost	<b><u>1,250,179</u></b>	<b><u>1,250,179</u></b>
Aggregate depreciation	<b><u>(218,811)</u></b>	<b><u>(193,807)</u></b>

Investment property was valued on a fair value basis on 30th June 2016 by the directors.

**HOWORTHS (NELSON) LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2016**

**12. STOCKS**

	<b>Group</b>	
	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>
Stocks	<u>992,073</u>	<u>1,447,024</u>

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.16</b>	<b>30.6.15</b>	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	916,688	1,693,723	-	-
Amounts owed by group undertakings	-	-	1,840,937	2,090,431
Other debtors	-	2,298	-	366
Prepayments	9,609	17,405	-	-
	<u>926,297</u>	<u>1,713,426</u>	<u>1,840,937</u>	<u>2,090,797</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.16</b>	<b>30.6.15</b>	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts (see note 16)	566,880	1,313,909	-	-
Hire purchase contracts (see note 17)	18,530	32,951	-	-
Trade creditors	415,098	343,400	-	-
Amounts owed to group undertakings	-	-	-	4,100
Tax	10,536	3,136	-	-
Social security and other taxes	15,455	16,433	1,107	-
VAT	44,105	147,989	-	-
Other creditors	4,304	4,475	-	-
Directors' loan accounts	523,405	683,559	339,045	492,729
Accruals	173,652	378,665	4,623	7,306
	<u>1,771,965</u>	<u>2,924,517</u>	<u>344,775</u>	<u>504,135</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>	
	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>
Bank loans (see note 16)	202,672	243,167
Hire purchase contracts (see note 17)	25,632	52,575
Directors' loan accounts	184,979	211,989
	<u>413,283</u>	<u>507,731</u>

**HOWORTHS (NELSON) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2016****16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year or on demand:		
Bank overdrafts	<b>525,123</b>	1,273,813
Bank loans	<b>41,757</b>	40,096
	<b><u>566,880</u></b>	<b><u>1,313,909</u></b>
Amounts falling due between one and two years:		
Bank loans: 1 - 2 years	<b><u>42,962</u></b>	<u>41,371</u>
Amounts falling due between two and five years:		
Bank loans: 2 - 5 years	<b><u>136,120</u></b>	<u>131,767</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans: > 5 years	<b><u>23,590</u></b>	<u>70,029</u>

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Hire purchase contracts</b>	
	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	<b>18,530</b>	32,951
Between one and five years	<b>25,632</b>	52,575
	<b><u>44,162</u></b>	<u>85,526</u>



# **HOWORTHS (NELSON) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **FOR THE YEAR ENDED 30TH JUNE 2016**

### **18. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>
Bank overdraft	<b>525,123</b>	<b>1,273,813</b>
Hire purchase contracts	<b>44,162</b>	<b>85,526</b>
	<b><u>569,285</u></b>	<b><u>1,359,339</u></b>

Bank overdrafts include £525,123 (2015: £1,132,863) owed to invoice discounters which is secured on the sales ledger balances to which it relates.

The remainder of the bank overdrafts are secured by a fixed and floating charge over all the assets of the group and a legal mortgage over the group's land.

### **19. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	<b>30.6.16</b>	<b>30.6.15</b>
	<b>£</b>	<b>£</b>
Deferred tax		
Accelerated capital allowances	<b>44,506</b>	<b>57,609</b>
Losses reliefs	<b>(44,506)</b>	<b>(57,300)</b>
	<b><u>-</u></b>	<b><u>309</u></b>

#### **Group**

	<b>Deferred tax</b>
	<b>£</b>
Balance at 1st July 2015	<b>309</b>
Credit to Statement of Comprehensive Income during year	<b><u>(309)</u></b>
Balance at 30th June 2016	<b><u>-</u></b>

### **20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			<b>30.6.16</b>	<b>30.6.15</b>
Number:	Class:	Nominal value:	<b>£</b>	<b>£</b>
1,000	Ordinary	£1	<b><u>1,000</u></b>	<b><u>1,000</u></b>

**HOWORTHS (NELSON) LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2016****21. RESERVES****Group**

	Retained earnings £	Revaluation reserve £	Other reserves £	Totals £
At 1st July 2015	1,575,906	4,533	1,219,994	2,800,433
Profit for the year	24,255			24,255
At 30th June 2016	<u>1,600,161</u>	<u>4,533</u>	<u>1,219,994</u>	<u>2,824,688</u>

**Company**

	Retained earnings £	Other reserves £	Totals £
At 1st July 2015	2,747,694	1,219,994	3,967,688
Deficit for the year	(115,913)		(115,913)
At 30th June 2016	<u>2,631,781</u>	<u>1,219,994</u>	<u>3,851,775</u>

**22. ULTIMATE CONTROLLING PARTY**

In the opinion of the directors the ultimate controlling party of Howorths (Nelson) Limited consists of all the shareholders acting together as no individual shareholder has overall control. The shareholders, S W Blackadder and C I Blackadder, are also directors of the company.

**HOWORTHS (NELSON) LIMITED**

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	30.6.16		30.6.15	
	£	£	£	£
<b>Sales</b>		<b>3,253,871</b>		<b>6,821,833</b>
<b>Cost of sales</b>				
Opening stocks	1,447,024		2,342,942	
Purchases	1,703,338		4,618,903	
Other selling costs	1,611		255	
Wages	347,833		418,894	
Social security	31,543		36,020	
Pensions	482		-	
Hire of plant and machinery	26,157		25,028	
Plant repairs	33,882		34,161	
Light, heat and power	69,580		97,276	
Factory building repairs	2,764		14,222	
Insurance	26,918		38,585	
Waste disposal and cleaning	3,221		4,588	
Depreciation of tangible fixed assets				
Plant and machinery	47,944		45,529	
Profit/loss on sale of tangible fixed assets	-		(1,982)	
	<u>3,742,297</u>		<u>7,674,421</u>	
Closing stocks	(992,073)		(1,447,024)	
		<u>2,750,224</u>		<u>6,227,397</u>
<b>GROSS PROFIT</b>		<b>503,647</b>		<b>594,436</b>
<b>Other income</b>				
Rents received		<u>198,763</u>		<u>191,480</u>
		<b>702,410</b>		<b>785,916</b>
<b>Expenditure</b>				
Carriage	8,362		9,269	
Rent	-		48,000	
Rates and water	31,687		60,991	
Rented property expenses	27,308		45,078	
Directors' salaries	37,936		20,484	
Directors' social security	4,116		1,152	
Administrative wages	236,502		295,977	
Social security	23,827		29,910	
Pensions	2,577		1,834	
Telephone	10,448		12,771	
Post and stationery	3,193		3,906	
Advertising	1,200		1,826	
Travelling expenses	5,044		6,324	
Motor expenses	77,344		79,040	
Entertaining	20		13	
Repairs and renewals	2,001		1,100	
Trade subscriptions	2,288		2,126	
	<u>473,853</u>	<u>702,410</u>	<u>619,801</u>	<u>785,916</u>
Carried forward				

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**HOWORTHS (NELSON) LIMITED**

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	30.6.16		30.6.15	
	£	£	£	£
Brought forward	473,853	702,410	619,801	785,916
Sundry expenses	3,972		1,571	
Bad and doubtful debts	18,272		36,965	
Accountancy	5,161		18,745	
Legal and professional fees	27,215		157,971	
Auditors' remuneration	11,595		13,299	
Foreign exchange losses	705		167,153	
		540,773		1,015,505
		161,637		(229,589)
<b>Finance costs</b>				
Bank charges	9,839		47,875	
Invoice discounting charges	31,104		46,315	
Bank interest	1,487		7,285	
Bank loan interest	9,553		10,931	
Other interest	5		917	
Invoice discounting interest	13,343		14,956	
Hire purchase interest	4,422		5,743	
		69,753		134,022
		91,884		(363,611)
<b>Depreciation</b>				
Freehold property	25,004		25,004	
Plant and machinery	1,154		1,442	
Fixtures and fittings	372		2,698	
Motor vehicles	31,486		45,293	
Computer equipment	743		-	
		58,759		74,437
		33,125		(438,048)
<b>Loss on disposal of fixed assets</b>				
Motor vehicles		1,779		3,521
<b>NET PROFIT/(LOSS)</b>		<b>31,346</b>		<b>(441,569)</b>

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