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THAMESMEAD BUSINESS SERVICES (2007) LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016



THAMESMEAD BUSINESS SERVICES (2007) LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | M A Smith Esq P A Smith Esq Mrs L Smith Mrs L A Smith |
| Company secretary | M A Smith Esq |
| Registered number | 06374914 |
| Registered office | 14 - 16 Verney Road Bermondsey London SE16 3DH |
| Independent auditors | Barnes Roffe LLP Chartered Accountants & Statutory Auditors Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA2 6QA |
| Bankers | Barclays Bank Plc 256a Blackfen Road Sidcup Kent DA15 8PD |

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

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THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2016**

Introduction

The directors present their strategic report accompanying the financial statements for the year ended 31 July 2016.

Business review

The performance of the group for the year ended 31 July 2016 accorded with expectations and the directors view the financial position of the group at that date as satisfactory. Turnover, gross profit and margin have all remained fairly consistent with 2015. The directors consider that given the right economic conditions, the group will remain profitable in the coming years.

There have been no events since the date of these accounts which would materially affect the position of the group.

Principal risks and uncertainties

The key business risks and uncertainties are considered to relate to competition from established competitors, the support of our suppliers and the state of the UK economy.

Financial key performance indicators

Given the straight forward nature of the business the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on 20th January 2017 and signed on its behalf.


M A Smith Esq
Director

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2016**

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 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 for the Group's financial statements 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 Group 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 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.

Principal activity

The company is a holding company of a trading group.

Results and dividends

The profit for the year, after taxation, amounted to £357,123 (2015 - £320,544).

During the year, dividends were voted of £165,480 (2015: £222,720).

Directors

The directors who served during the year were:

M A Smith Esq
P A Smith Esq
Mrs L Smith
Mrs L A Smith

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2016

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 the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the 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 and the Group's auditors are aware of that information.


Post balance sheet events

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

Auditors

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

This report was approved by the board on 20th January 2017 and signed on its behalf.



M A Smith Esq
Director

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THAMESMEAD BUSINESS SERVICES (2007) LIMITED

We have audited the financial statements of Thamesmead Business Services (2007) Limited for the year ended 31 July 2016, set out on pages 6 to 27. 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 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 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 Group's and the parent Company's affairs as at 31 July 2016 and of the Group's 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THAMESMEAD BUSINESS SERVICES (2007) 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 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.


Duncan Stannett (Senior statutory auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Statutory Auditors

Charles Lake House

Claire Causeway

Crossways Business Park

Dartford

Kent

DA2 6QA

Date:

3rd February 2017

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2016**

| | Note | 2016 £ | 2015 £ |
|--|------|--------------------|--------------------|
| Turnover | 4 | 7,957,014 | 8,145,798 |
| Cost of sales | | (6,140,414) | (6,227,305) |
| Gross profit | | 1,816,600 | 1,918,493 |
| Distribution costs | | (1,057,923) | (1,090,332) |
| Administrative expenses | | (379,338) | (422,720) |
| Operating profit | 5 | 379,339 | 405,441 |
| Income from participating interests | | 3,540 | 30,573 |
| Amounts written off investments | | 138,500 | - |
| Interest receivable and similar income | 9 | 40 | 202 |
| Interest payable and expenses | 10 | (40,879) | (41,698) |
| Profit before taxation | | 480,540 | 394,518 |
| Tax on profit | 11 | (123,417) | (73,974) |
| Profit for the year | | 357,123 | 320,544 |
| Owners of the parent Company | | 357,123 | 320,544 |
| | | 357,123 | 320,544 |

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 13 to 27 form part of these financial statements.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED
REGISTERED NUMBER: 06374914

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|---|------|-------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 14 | | 1,714,999 | | 1,774,819 |
| Investments | 15 | | - | | 650,000 |
| | | | 1,714,999 | | 2,424,819 |
| Current assets | | | | | |
| Stocks | 16 | 440,331 | | 429,460 | |
| Debtors: amounts falling due within one year | 17 | 2,069,707 | | 1,841,346 | |
| Cash at bank and in hand | 18 | 194,520 | | 469,783 | |
| | | | 2,704,558 | 2,740,589 | |
| Creditors: amounts falling due within one year | 19 | (1,402,340) | | (1,433,187) | |
| Net current assets | | | 1,302,218 | | 1,307,402 |
| Total assets less current liabilities | | | 3,017,217 | | 3,732,221 |
| Creditors: amounts falling due after more than one year | 20 | | (733,952) | | (792,099) |
| Provisions for liabilities | | | | | |
| Net assets | | | 2,283,265 | | 2,940,122 |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 1,800 | | 1,800 |
| Revaluation reserve | | | - | | 360,717 |
| Capital redemption reserve | | | 4,200 | | 4,200 |
| Profit and loss account | | | 2,277,265 | | 2,573,405 |
| | | | 2,283,265 | | 2,940,122 |

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

20th January 2017

M A Smith Esq
 Director

The notes on pages 13 to 27 form part of these financial statements.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED
REGISTERED NUMBER: 06374914

COMPANY BALANCE SHEET
AS AT 31 JULY 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|----------------|----------------|----------------|------------------|
| Fixed assets | | | | | |
| Investments | 15 | | 1,800 | | 651,800 |
| | | | <u>1,800</u> | | <u>651,800</u> |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 17 | 627,990 | | 535,340 | |
| | | <u>627,990</u> | | <u>535,340</u> | |
| Creditors: amounts falling due within one year | 19 | (70,260) | | (31,390) | |
| | | | <u>557,730</u> | | <u>503,950</u> |
| Net current assets | | | <u>557,730</u> | | <u>503,950</u> |
| Total assets less current liabilities | | | <u>559,530</u> | | <u>1,155,750</u> |
| Net assets excluding pension asset | | | <u>559,530</u> | | <u>1,155,750</u> |
| Net assets | | | <u>559,530</u> | | <u>1,155,750</u> |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 1,800 | | 1,800 |
| Revaluation reserve | | | - | | 360,717 |
| Profit and loss account | | | 557,730 | | 793,233 |
| | | | <u>559,530</u> | | <u>1,155,750</u> |

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

20th January 2017

M A Smith Esq
 Director

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2016**

| | Called up share capital | Capital redemption reserve | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|----------------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 August 2015 | 1,800 | 4,200 | 360,717 | 2,573,405 | 2,940,122 |
| Profit for the year | - | - | - | 357,123 | 357,123 |
| Surplus on revaluation of freehold property | - | - | - | 360,717 | 360,717 |
| Dividends: Equity capital | - | - | - | (1,013,980) | (1,013,980) |
| Transfer between other reserves | - | - | (360,717) | - | (360,717) |
| At 31 July 2016 | 1,800 | 4,200 | - | 2,277,265 | 2,283,265 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2015**

| | Called up share capital | Capital redemption reserve | Revaluation reserve | Profit and loss account | Total equity |
|---------------------------|----------------------------|----------------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 August 2014 | 1,800 | 4,200 | 360,717 | 2,475,581 | 2,842,298 |
| Profit for the year | - | - | - | 320,544 | 320,544 |
| Dividends: Equity capital | - | - | - | (222,720) | (222,720) |
| At 31 July 2015 | 1,800 | 4,200 | 360,717 | 2,573,405 | 2,940,122 |

The notes on pages 13 to 27 form part of these financial statements.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2016**

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|---|----------------------------|------------------------|----------------------------|----------------|
| | £ | £ | £ | £ |
| At 1 August 2015 | 1,800 | 360,717 | 793,233 | 1,155,750 |
| Profit for the year | - | - | 357,760 | 357,760 |
| Surplus on revaluation of freehold property | - | - | 360,717 | 360,717 |
| Dividends: Equity capital | - | - | (953,980) | (953,980) |
| Transfer between other reserves | - | (360,717) | - | (360,717) |
| At 31 July 2016 | 1,800 | - | 557,730 | 559,530 |

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2015**

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|---------------------------|----------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 August 2014 | 1,800 | 360,717 | 713,875 | 1,076,392 |
| Profit for the year | - | - | 302,078 | 302,078 |
| Dividends: Equity capital | - | - | (222,720) | (222,720) |
| At 31 July 2015 | 1,800 | 360,717 | 793,233 | 1,155,750 |

The notes on pages 13 to 27 form part of these financial statements.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2016

| | 2016 £ | 2015 £ |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 357,123 | 320,544 |
| Adjustments for: | | |
| Depreciation of tangible assets | 80,723 | 72,328 |
| Loss on disposal of tangible assets | (2,908) | 2,480 |
| Interest paid | 40,879 | 41,698 |
| Interest received | (3,580) | (30,775) |
| Taxation | 123,417 | 73,974 |
| (Increase)/decrease in stocks | (10,871) | 79,538 |
| (Increase)/decrease in debtors | (264,821) | 219,231 |
| Decrease in amounts owed by joint ventures | (142,040) | - |
| Increase/(decrease) in creditors | 128,664 | (113,144) |
| Corporation tax | (75,740) | (92,484) |
| Net cash generated from operating activities | 230,846 | 573,390 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (23,495) | (88,423) |
| Sale of tangible fixed assets | 5,500 | 1,200 |
| Interest received | 40 | 202 |
| Income from investments in related companies | 3,540 | 30,573 |
| Net cash from investing activities | (14,415) | (56,448) |

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2016

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Cash flows from financing activities | | |
| Repayment of loans | (54,083) | (53,264) |
| Dividends paid | (225,480) | (222,720) |
| Interest paid | (40,879) | (41,698) |
| Net cash used in financing activities | (320,442) | (317,682) |
| Net (decrease)/increase in cash and cash equivalents | (104,011) | 199,260 |
| Cash and cash equivalents at beginning of year | 298,531 | 99,271 |
| Cash and cash equivalents at the end of year | 194,520 | 298,531 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 194,520 | 469,783 |
| Bank overdrafts | - | (171,252) |
| | 194,520 | 298,531 |

The notes on pages 13 to 27 form part of these financial statements.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

1. General information

The company, incorporated in England and Wales, has its registered office at 14-16 Verney Road, Bermondsey, London, SE16 3DH.

The company's principal activity continued to be that of being the holding company of a trading group.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings 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 27.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 August 2015.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

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

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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.

2.5 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.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

2. Accounting policies (continued)

2.5 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 both straight line and reducing balance.

Depreciation is provided on the following basis:

| | |
|-----------------------|-------------------------|
| Freehold property | - 2% per annum on cost. |
| Plant and machinery | - 20% straight line. |
| Motor vehicles | - 25% reducing balance. |
| Fixtures and fittings | - 10% reducing balance. |
| Office equipment | - 20% straight line. |

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 Consolidated statement of comprehensive income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.7 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 Consolidated 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.

2.8 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.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

2. Accounting policies (continued)

2.9 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.

2.10 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 August 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Group in independently administered funds.

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 and the Group operate and generate income.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

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

There were no significant judgments exercised by management in the preparation of the financial statements.

4. Turnover

Analysis of turnover by country of destination:

| | 2016 £ | 2015 £ |
|----------------|------------------|------------------|
| United Kingdom | 7,957,014 | 8,145,798 |
| | <u>7,957,014</u> | <u>8,145,798</u> |

5. Operating profit

The operating profit is stated after charging:

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets | 80,723 | 72,328 |
| Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements | 13,190 | 13,190 |
| Operating lease rentals | 17,353 | 50,894 |
| Defined contribution pension cost | 18,779 | 17,225 |
| | <u>130,845</u> | <u>153,637</u> |

6. Auditors' remuneration

| | 2016 £ | 2015 £ |
|---|--------------|--------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | 13,190 | 13,190 |
| Fees payable to the Group's auditor and its associates in respect of: | | |
| All other services | 2,405 | 6,468 |
| | <u>2,405</u> | <u>6,468</u> |

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

7. Employees

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

| | 2016 £ | 2015 £ |
|-------------------------------------|----------------|----------------|
| Wages and salaries | 793,697 | 799,983 |
| Social security costs | 68,198 | 68,513 |
| Cost of defined contribution scheme | 18,779 | 17,225 |
| | <u>880,674</u> | <u>885,721</u> |

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

| | 2016 No. | 2015 No. |
|--|-------------|-------------|
| | <u>38</u> | <u>38</u> |

8. Directors' remuneration

| | 2016 £ | 2015 £ |
|---|---------------|----------------|
| Directors' emoluments | 70,825 | 97,014 |
| Company contributions to defined contribution pension schemes | 12,000 | 12,000 |
| | <u>82,825</u> | <u>109,014</u> |

During the year retirement benefits were accruing to 2 directors (2015 - 2) in respect of defined contribution pension schemes.

9. Interest receivable

| | 2016 £ | 2015 £ |
|---------------------------|-----------|------------|
| Other interest receivable | 40 | 202 |
| | <u>40</u> | <u>202</u> |

10. Interest payable and similar charges

| | 2016 £ | 2015 £ |
|-----------------------|---------------|---------------|
| Bank interest payable | 40,879 | 41,698 |
| | <u>40,879</u> | <u>41,698</u> |

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

11. Taxation

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Corporation tax | | |
| Current tax on profits for the year | 121,651 | 73,974 |
| Adjustments in respect of previous periods | 1,766 | - |
| | 123,417 | 73,974 |
| Total current tax | 123,417 | 73,974 |
| Deferred tax | | |
| Total deferred tax | - | - |
| Taxation on profit on ordinary activities | 123,417 | 73,974 |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Profit on ordinary activities before tax | 480,540 | 394,518 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%) | 96,108 | 78,904 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | (28,031) | 496 |
| Capital allowances for year in excess of depreciation | 9,362 | (5,991) |
| Adjustments to tax charge in respect of prior periods | 1,766 | - |
| Capital gains | 44,212 | - |
| Change in tax rates | - | 1,451 |
| Marginal relief | - | (886) |
| Total tax charge for the year | 123,417 | 73,974 |

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

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

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

| | 2016 £ | 2015 £ |
|-----------------|------------------|----------------|
| Dividends voted | 1,013,980 | 222,720 |
| | <u>1,013,980</u> | <u>222,720</u> |

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £357,760 (2015 - £302,078).

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

14. Tangible fixed assets

Group

| | Freehold property £ | Plant & Machinery £ | Motor Vehicles £ | Fixtures & Fittings £ | Office Equipment £ | Total £ |
|--------------------------------------|---------------------------|---------------------------|------------------------|-----------------------------|--------------------------|-------------------------|
| Cost or valuation | | | | | | |
| At 1 August 2015 | 1,655,146 | 5,270 | 172,983 | 165,117 | 132,990 | 2,131,506 |
| Additions | - | 10,950 | 11,995 | - | 550 | 23,495 |
| Disposals | - | - | (19,419) | - | - | (19,419) |
| At 31 July 2016 | <u>1,655,146</u> | <u>16,220</u> | <u>165,559</u> | <u>165,117</u> | <u>133,540</u> | <u>2,135,582</u> |
| Depreciation | | | | | | |
| At 1 August 2015 | 107,265 | 689 | 94,839 | 67,202 | 86,692 | 356,687 |
| Charge for period on owned assets | 33,103 | 2,264 | 25,208 | 9,791 | 10,357 | 80,723 |
| Disposals | - | - | (16,827) | - | - | (16,827) |
| At 31 July 2016 | <u>140,368</u> | <u>2,953</u> | <u>103,220</u> | <u>76,993</u> | <u>97,049</u> | <u>420,583</u> |
| Net book value | | | | | | |
| At 31 July 2016 | <u><u>1,514,778</u></u> | <u><u>13,267</u></u> | <u><u>62,339</u></u> | <u><u>88,124</u></u> | <u><u>36,491</u></u> | <u><u>1,714,999</u></u> |
| At 31 July 2015 | <u><u>1,547,881</u></u> | <u><u>4,581</u></u> | <u><u>78,144</u></u> | <u><u>97,915</u></u> | <u><u>46,298</u></u> | <u><u>1,774,819</u></u> |

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

| | 2016 £ | 2015 £ |
|----------|-------------------------|-------------------------|
| Freehold | <u>1,514,778</u> | <u>1,547,881</u> |
| | <u><u>1,514,778</u></u> | <u><u>1,547,881</u></u> |

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

15. Fixed asset investments

Group

| | Investments in participating interests £ |
|------------------|---|
| At 1 August 2015 | 650,000 |
| Disposals | (650,000) |
| At 31 July 2016 | - |
| At 31 July 2016 | - |
| At 31 July 2016 | - |
| At 31 July 2015 | 650,000 |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|--|-------------------------------------|----------------------------|----------------|---|
| Thamesmead Business Services Limited | England & Wales | Ordinary Shares | 100 % | Distribution of janitorial supplies and disposable products to commerce and industry. |

The aggregate of the share capital and reserves as at 31 July 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| | Aggregate of share capital and reserves £ | Profit/(loss) £ |
|--------------------------------------|--|----------------------------|
| Thamesmead Business Services Limited | 1,725,735 | 164,842 |
| | 1,725,735 | 164,842 |

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

15. Fixed asset investments (continued)

Company

| | Investments in Subsidiary Companies £ | Investments in Associates £ | Total £ |
|--------------------------|--|--|--------------------|
| Cost or valuation | | | |
| At 1 August 2015 | 1,800 | 650,000 | 651,800 |
| Disposals | - | (650,000) | (650,000) |
| At 31 July 2016 | <u>1,800</u> | <u>-</u> | <u>1,800</u> |
| At 31 July 2016 | <u>-</u> | <u>-</u> | <u>-</u> |
| Net book value | | | |
| At 31 July 2016 | <u>1,800</u> | <u>-</u> | <u>1,800</u> |
| At 31 July 2015 | <u>1,800</u> | <u>650,000</u> | <u>651,800</u> |

16. Stocks

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|-----------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Inventory | 440,331 | 429,460 | - | - |
| | <u>440,331</u> | <u>429,460</u> | <u>-</u> | <u>-</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

17. Debtors

| | Group 2016 £ | <i>Group 2015 £</i> | Company 2016 £ | <i>Company 2015 £</i> |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 1,975,974 | 1,734,769 | - | - |
| Amounts owed by group undertakings | - | 40,000 | 624,450 | 535,340 |
| Amounts owed by joint ventures and associated undertakings | 3,540 | - | 3,540 | - |
| Other debtors | 68,821 | 59,015 | - | - |
| Prepayments and accrued income | 21,372 | 7,562 | - | - |
| | <u>2,069,707</u> | <u>1,841,346</u> | <u>627,990</u> | <u>535,340</u> |

18. Cash and cash equivalents

| | Group 2016 £ | <i>Group 2015 £</i> | Company 2016 £ | <i>Company 2015 £</i> |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 194,520 | 469,783 | - | - |
| Less: bank overdrafts | - | (171,252) | - | - |
| | <u>194,520</u> | <u>298,531</u> | <u>-</u> | <u>-</u> |

19. Creditors: Amounts falling due within one year

| | Group 2016 £ | <i>Group 2015 £</i> | Company 2016 £ | <i>Company 2015 £</i> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank overdrafts | - | 171,252 | - | - |
| Bank loans | 59,273 | 55,209 | - | - |
| Trade creditors | 1,030,338 | 927,921 | - | - |
| Amounts owed to group undertakings | - | 40,000 | - | - |
| Corporation tax | 121,651 | 73,974 | 68,710 | 29,840 |
| Taxation and social security | 98,873 | 77,159 | - | - |
| Other creditors | 5,304 | 1,762 | - | - |
| Accruals and deferred income | 86,901 | 85,910 | 1,550 | 1,550 |
| | <u>1,402,340</u> | <u>1,433,187</u> | <u>70,260</u> | <u>31,390</u> |

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

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

20. Creditors: Amounts falling due after more than one year

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|------------|--------------------|--------------------|----------------------|----------------------|
| Bank loans | 733,952 | 792,099 | - | - |
| | <u>733,952</u> | <u>792,099</u> | <u>-</u> | <u>-</u> |

21. Loans

The bank loan is secured by a legal charge on the freehold property. There is also a cross guarantee and debenture between the company, TBS Property LLP and Thamesmead Business Services (2007) Limited.

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Amounts falling due within one year | | | | |
| Bank loans | 59,273 | 55,209 | - | - |
| | <u>59,273</u> | <u>55,209</u> | <u>-</u> | <u>-</u> |
| Amounts falling due 1-2 years | | | | |
| Bank loans | 61,272 | 58,058 | - | - |
| | <u>61,272</u> | <u>58,058</u> | <u>-</u> | <u>-</u> |
| Amounts falling due 2-5 years | | | | |
| Bank loans | 202,086 | 230,886 | - | - |
| | <u>202,086</u> | <u>230,886</u> | <u>-</u> | <u>-</u> |
| Amounts falling due after more than 5 years | | | | |
| Bank loans | 470,594 | 503,155 | - | - |
| | <u>470,594</u> | <u>503,155</u> | <u>-</u> | <u>-</u> |
| | <u>793,225</u> | <u>847,308</u> | <u>-</u> | <u>-</u> |

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

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

22. Share capital

| | 2016 £ | 2015 £ |
|---|-------------|-------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 810 Ordinary A shares of £1 each | 810 | 810 |
| 810 Ordinary B shares of £1 each | 810 | 810 |
| 90 Ordinary C shares of £1 each | 90 | 90 |
| 90 Ordinary D shares of £1 each | 90 | 90 |
| | <hr/> | <hr/> |
| | 1,800 | 1,800 |
| | <hr/> <hr/> | <hr/> <hr/> |

23. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge of £18,779 (2015: £17,225) represents contributions payable by the company to the fund.

24. Commitments under operating leases

At 31 July 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2016 £ | Group 2015 £ |
|--|--------------------|--------------------|
| Not later than 1 year | 1,017 | 12,662 |
| Later than 1 year and not later than 5 years | 6,464 | 14,782 |
| | <hr/> | <hr/> |
| | 7,481 | 27,444 |
| | <hr/> <hr/> | <hr/> <hr/> |

25. Related party transactions

Income of £142,040 (2015: £30,573) was received from TBS Property LLP, a partnership in which M A Smith Esq and P A Smith Esq and the company are members.

Directors' have an interest in dividends paid in the year of £953,980 (2015: £222,720).

26. Controlling party

No one party has ultimate control of the company.

THAMESMEAD BUSINESS SERVICES (2007) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

27. 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.