# Financial Statements

# TBF Thompson (Garvagh) Limited

**For the year ended 31 December 2015**



**Registered number: NI036301**

# Company Information

| | |
|---|---|
| **Directors** | A B Magowan (resigned 18 May 2016)<br>R J Crilly<br>S Doherty (appointed 18 May 2016)<br>A Espie (appointed 18 May 2016) |
| **Company secretary** | R J Crilly |
| **Registered number** | NI036301 |
| **Registered office** | 6-10 Killyvally Road<br>Garvagh<br>Coleraine<br>BT51 5JZ |
| **Independent auditors** | Grant Thornton (NI) LLP<br>Chartered Accountants & Statutory Auditor<br>Clarence West Building<br>2 Clarence Street West<br>Belfast<br>BT2 7GP |
| **Bankers** | Santander UK plc<br>Bootle<br>Merseyside<br>L30 4GB |
| **Solicitors** | C & J Black<br>Linenhall House<br>13 Linenhall Street<br>Belfast<br>BT2 8AA |

TBF Thompson (Garvagh) Limited

# Contents

# Strategic Report
**For the year ended 31 December 2015**

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

### Business review
There were no significant changes in the trading activity of the company during the year. The directors consider that in the light of prevailing economic and market conditions, both the results for the year and the prospects for the future are satisfactory.

### Principal risks and uncertainties
The company uses various financial instruments including bank loans or overdrafts, finance leases and hire purchase agreements, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide sufficient finance for the company's operations.

### Liquidity Risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

The company policy throughout the year has been to ensure continuity of funding by matching the source of funds to the intended use of those funds, so that fixed assets are financed out of reserves and through the use of hire purchase and finance lease agreements where appropriate. Funding for significant developments, such as expenditure on buildings is secured on specific borrowings with draw down and repayment terms that are spread over a period of years. Short-term flexibility is achieved by overdraft facilities.

### Interest Rate Risk

The company finances its operation through a mixture of retained profits, bank borrowings and hire purchase and finance lease arrangements. The company exposure to interest rate fluctuations on its borrowings is managed through annual review of its borrowing requirements, and where appropriate, through the use of fixed or floating interest arrangements.

### Credit Risk

The company's principal financial assets are cash and debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from debtors.

In order to manage credit risk the directors assess potential customers based on a mixture of past history, credit references, and industry knowledge. Amounts owed are reviewed and followed up on a regular basis.

### Price and Market Risk

As the company does not normally make investments price risk is considered inconsequential. Transactions other than in sterling primarily arise with the company's fellow subsidiary undertaking in the Republic of Ireland, where the total volume of transactions is small, and the amount of sales and purchase transactions are not substantially different. As transactions between group and undertakings are on normal trading terms, liabilities are settled on a monthly basis, which minimises the exposure to fluctuations in exchange rates.

**TBF Thompson (Garvagh) Limited**

# Strategic report (continued)

**Financial key performance indicators**

The key performance indicator for the company is its gross margin. This has decreased from the prior year to 5.3% (2014 - 6.1%).

This report was approved by the board on 5 July 2016 and signed on its behalf.

**R J Crilly**
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 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 loss for the year, after taxation, amounted to £471k (2014 - profit £398k). The loss is after a one-off write off of £748k, being the impairment in the Intercompany loan to TBF Thompson (Plant) Limited following the sale of premises in Loughrea, County Galway.

The directors do not propose a dividend for the coming year.

### Directors

The directors who served during the year were:

A B Magowan (resigned 18 May 2016)
R J Crilly

### Future developments

The directors do not foresee any major future developments in the forthcoming year outside of normal trading.

# Directors' Report

**For the Year Ended 31 December 2015**

### 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.

### Post balance sheet events

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

### Auditors

The auditors, Grant Thornton (NI) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 July 2016 and signed on its behalf.

**R J Crilly**
Director

Grant Thornton

# Independent Auditors' Report to the Members of TBF Thompson (Garvagh) Limited

We have audited the financial statements of TBF Thompson (Garvagh) Limited for the year ended 31 December 2015, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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, 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 (APB'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 Annual 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 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 the financial statements.

GrantThornton

# Independent Auditors' Report to the Members of TBF Thompson (Garvagh) Limited

**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.

Louise Kelly

Louise Kelly (Senior statutory auditor)
for and on behalf of
Grant Thornton (NI) LLP
Chartered Accountants
Statutory Auditor
Belfast
Date: 5/7/16

# Statement of Comprehensive Income

**For the Year Ended 31 December 2015**

| | Note | 2015 £000 | 2014 £000 |
|---|---|---|---|
| Turnover | | **38,161** | 35,406 |
| Cost of sales | | **(36,141)** | (33,233) |
| **Gross profit** | | **2,020** | 2,173 |
| Distribution costs | | **(20)** | (14) |
| Administrative expenses | | **(1,390)** | (1,230) |
| Other operating income | | **186** | 33 |
| Exceptional other operating income | | **22** | - |
| Other operating charges | | **(215)** | (300) |
| Exceptional other operating charges | | **(806)** | - |
| **Operating (loss)/profit** | | **(203)** | 662 |
| Interest payable and expenses | 7 | **(182)** | (131) |
| **(Loss)/profit on taxation** | | **(385)** | 531 |
| Tax on (loss)/profit | 8 | **(86)** | (133) |
| **(Loss)/profit for the year** | | **(471)** | 398 |
| **Other comprehensive income for the year** | | | |
| **Total comprehensive income for the year** | | **(471)** | 398 |

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

The notes on pages 10 to 23 form part of these financial statements.

**TBF Thompson (Garvagh) Limited**
**Registered number:NI036301**

# Balance Sheet
**As at 31 December 2015**

| | Note | | 2015 £000 | | 2014 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 10 | | **2,947** | | 2,993 |
| | | | **2,947** | | 2,993 |
| **Current assets** | | | | | |
| Stocks | 11 | **5,363** | | 4,798 | |
| Debtors: amounts falling due within one year | 12 | **4,759** | | 5,490 | |
| Cash at bank and in hand | 13 | **16** | | 74 | |
| | | **10,138** | | 10,362 | |
| Creditors: amounts falling due within one year | 14 | **(10,878)** | | (10,548) | |
| **Net current assets** | | | **(740)** | | (186) |
| **Total assets less current liabilities** | | | **2,207** | | 2,807 |
| Creditors: amounts falling due after more than one year | 15 | | **(628)** | | (768) |
| **Provisions for liabilities** | | | | | |
| Deferred tax | | **(66)** | | (55) | |
| | | | **(66)** | | (55) |
| **Net assets** | | | **1,513** | | 1,984 |
| **Capital and reserves** | | | | | |
| Called up share capital | 19 | | **500** | | 500 |
| Revaluation reserve | 22 | | **546** | | 546 |
| Profit and loss account | 22 | | **467** | | 938 |
| | | | **1,513** | | 1,984 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 July 2016

**R J Crilly**
Director

# Statement of Changes in Equity
**As at 31 December 2015**

| | Share capital | Revaluation reserve | Retained earnings | Total equity |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| At 1 January 2015 | 500 | 546 | 938 | 1,984 |
| **Comprehensive income for the year** | | | | |
| Loss for the year | - | - | (471) | (471) |
| **Total comprehensive income for the year** | - | - | (471) | (471) |
| **At 31 December 2015** | 500 | 546 | 467 | 1,513 |

# Statement of Changes in Equity
**As at 31 December 2014**

| | Share capital | Revaluation reserve | Retained earnings | Total equity |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| At 1 January 2014 | 500 | 546 | 540 | 1,586 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 398 | 398 |
| **Total comprehensive income for the year** | - | - | 398 | 398 |
| **At 31 December 2014** | 500 | 546 | 938 | 1,984 |

The notes on pages 10 to 23 form part of these financial statements.

# Notes to the Financial Statements

**For the Year Ended 31 December 2015**

## 1. Company Information

TBF Thompson (Garvagh) Limited is a limited company incorporated in Northern Ireland. The registered office is 6-10 Killyvally Road, Garvagh, Coleraine, BT51 5JZ.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain instruments as specified in the accounting policies below .

The financial statements are presented in Sterling (£).

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 judgement in applying the Company's accounting policies.

The individual accounts of TBF Thompson (Garvagh) Limited have also adopted the following disclosure exemptions:
- the requirement to present a statement of cash flows and related notes.

### 2.2 Revenue

Revenue in the Statement of Comprehensive Income represents income from the sale of truck and heavy plant, parts and related servicing and maintenance. Revenue is stated net of Value Added Tax.

**Sale of goods**

Revenue is recognised on vehicle and plant sales, parts and servicing when the right to receive consideration is establised, normally at the point of sale.

**Rendering of services**

The profit in respect of maintenance contracts is deferred and released on the termination of the contract.

# Notes to the Financial Statements
**For the Year Ended 31 December 2015**

## 2. Accounting policies (continued)

### 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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 bases:

| | | |
|---|---|---|
| Freehold property | - | 0-5% straight line |
| Leasehold property | - | 0-5% straight line |
| Plant & machinery | - | 0-5% straight line |
| Motor vehicles | - | 0-5% straight line |

### 2.4 Operating leases: Lessee

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

### 2.5 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 weighted average 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.

### 2.6 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.

# Notes to the Financial Statements

**For the Year Ended 31 December 2015**

## 2. Accounting policies (continued)

### 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.

### 2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

i) at fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;

ii) at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# Notes to the Financial Statements

**For the Year Ended 31 December 2015**

## 2. Accounting policies (continued)

### 2.9 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.

### 2.10 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 Income statement 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 Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income statement within 'other operating income'.

### 2.11 Finance costs

Finance costs are charged to the Income statement 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.

### 2.12 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 Income statement 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.

# Notes to the Financial Statements
**For the Year Ended 31 December 2015**

## 2. Accounting policies (continued)

### 2.13 Borrowing costs

All borrowing costs are recognised in the Income statement in the year in which they are incurred.

### 2.14 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

### 2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, 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.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

# Notes to the Financial Statements

**For the Year Ended 31 December 2015**

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

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

**Allowance for impairment of trade debtors**

The company estimates the allowance for doubtful trade debtors based on assessment of specific accounts where the Company has objective evidence comprising default in payment terms or significant financial difficulty that certain customers are unable to meet their financial obligations. In these cases, judgement used was based on the best available facts and circumstances including but not limited to, the length of relationship. At 31 December 2015, provisions for doubtful debts amounted to £158,442 (2014: £119,230) which represents 3.9% of trade debtors at that date.

**Allowances for impairment in the value of stock**

The company estimates the impairment in the value of stock based on the current condition and use. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The provision for stock at 31 December 2015 amounted to £257,777 (2014: £429,673).

## 4. Other operating income

| | **2015** | 2014 |
|---|---|---|
| | **£000** | £000 |
| Net rents receivable | **36** | 33 |
| Sundry income | **150** | - |
| Intercompany loan waived | **22** | - |
| | **208** | 33 |

## 5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

| | **2015** | 2014 |
|---|---|---|
| | **£000** | £000 |
| Depreciation of tangible fixed assets | **293** | 272 |
| Auditor's remuneration - audit | **19** | 19 |
| Auditor's remuneration - tax | **2** | 2 |
| Defined contribution pension cost | **239** | 213 |

During the year, no director received any emoluments (2014 - £NIL).

## 6. Employees

Staff costs were as follows:

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Wages and salaries | **3,697** | 3,509 |
| Social security costs | **317** | 323 |
| Cost of defined contribution scheme | **239** | 213 |
| | **4,253** | 4,045 |

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

| | 2015 No. | 2014 No. |
|---|---|---|
| Number of administrative staff | **22** | 22 |
| Number of other staff | **125** | 126 |
| | **147** | 148 |

## 7. Interest payable and similar charges

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Bank interest payable | **90** | 70 |
| Other loan interest payable | **92** | 61 |
| | **182** | 131 |

## 8. Taxation

| | 2015 £000 | 2014 £000 |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | **75** | 117 |
| **Total current tax** | **75** | 117 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **11** | 16 |
| **Total deferred tax** | **11** | 16 |
| **Taxation on profit on ordinary activities** | **86** | 133 |

# Notes to the Financial Statements
**For the Year Ended 31 December 2015**

## 8. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.259% (2014 - 21.49%). The differences are explained below:

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Profit on ordinary activities before tax | **(385)** | 531 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.259% (2014 - 21.49%) | **(78)** | 114 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **183** | 3 |
| Capital allowances for year in excess of depreciation | **(19)** | (18) |
| Utilisation of tax losses | **-** | 1 |
| Fixed asset differences | **-** | 17 |
| Other differences leading to an increase (decrease) in the tax charge | **11** | 16 |
| Group relief | **(11)** | - |
| **Total tax charge for the year** | **86** | 133 |

### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

## 9. Exceptional items

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Intercompany loan released | **806** | - |
| Intercompany loan waived | **(22)** | - |
| | **784** | - |

# Notes to the Financial Statements
**For the Year Ended 31 December 2015**

## 10. Tangible fixed assets

| | Freehold property | Leasehold Improve-ments | Plant & machinery | Motor vehicles | Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| **Cost or valuation** | | | | | |
| At 1 January 2015 | 1,410 | 1,334 | 1,954 | 557 | 5,255 |
| Additions | - | 25 | 82 | 156 | 263 |
| Disposals | - | - | - | (58) | (58) |
| **At 31 December 2015** | 1,410 | 1,359 | 2,036 | 655 | 5,460 |
| **Depreciation** | | | | | |
| At 1 January 2015 | 58 | 429 | 1,299 | 477 | 2,263 |
| Charge owned for the period | 32 | 48 | 153 | 60 | 293 |
| Disposals | - | - | - | (43) | (43) |
| **At 31 December 2015** | 90 | 477 | 1,452 | 494 | 2,513 |
| **At 31 December 2015** | 1,320 | 882 | 584 | 161 | 2,947 |
| AT 31 December 2014 | 1,352 | 905 | 656 | 80 | 2,993 |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2015 | 2014 |
|---|---|---|
| | £000 | £000 |
| Leasehold improvements | 14 | 9 |
| Motor vehicles | 114 | 50 |
| | 128 | 59 |

## 11. Stocks

| | 2015 | 2014 |
|---|---|---|
| | £000 | £000 |
| Finished goods and goods for resale | 5,363 | 4,798 |
| | 5,363 | 4,798 |

# Notes to the Financial Statements

**For the Year Ended 31 December 2015**

## 12. Debtors

| | 2015<br>£000 | 2014<br>£000 |
|---|---|---|
| Trade debtors | **4,101** | 4,029 |
| Amounts owed by group undertakings | **242** | 1,047 |
| Prepayments and accrued income | **416** | 414 |
| | **4,759** | 5,490 |

## 13. Cash and cash equivalents

| | 2015<br>£000 | 2014<br>£000 |
|---|---|---|
| Cash at bank and in hand | **16** | 74 |
| Less: bank overdrafts | **(2,222)** | (3,073) |
| | **(2,206)** | (2,999) |

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

| | 2015<br>£000 | 2014<br>£000 |
|---|---|---|
| Bank overdrafts | **2,222** | 3,073 |
| Bank loans | **179** | 179 |
| Trade creditors | **5,797** | 5,505 |
| Amounts owed to group undertakings | **165** | 184 |
| Corporation tax | **17** | 117 |
| Taxation and social security | **521** | 252 |
| Obligations under finance lease and hire purchase contracts | **49** | 22 |
| Accruals and deferred income | **1,928** | 1,216 |
| | **10,878** | 10,548 |

# Notes to the Financial Statements

**For the Year Ended 31 December 2015**

## 15. Creditors: Amounts falling due after more than one year

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Bank loans | **559** | 739 |
| Net obligations under finance leases and hire purchase contracts | **69** | 29 |
| | **628** | 768 |

### Secured loans

The bank loans and overdrafts are secured by:

- A Debenture over all the assets and undertakings of the Borrower.
- A First Legal Charge in favour of the Bank over the property at 19 Michelin Road, Mallusk, BT36 4PT.
- A Cross Company Guarantee between the five Group Companies, collateralised by Debentures over the assets and undertakings over the non-dormant companies. For the avoidance of doubt, Debentures to be taken over Killyvally Holdings Ltd and TBF Thompson (Plant) Ltd in addition to the Borrower.

The sales invoice agreement is secured by:

- Debentures from all group companies.
- A Cross Company Guarantee between the five Group Companies.
- First Legal Charge over 19 Michelin Road, Mallusk, BT36 4PT.

Amounts due under finance leases and hire purchase contracts are secured against the assets to which they relate.

## 16. Loans

Analysis of the maturity of loans is given below:

| | 2015 £000 | 2014 £000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Bank loans | **179** | 179 |
| | **179** | 179 |
| **Amounts falling due 1-2 years** | | |
| Bank loans | **559** | 739 |
| | **559** | 739 |

## 17. Financial instruments

| | 2015 £000 | 2014 £000 |
|---|---|---|
| **Financial assets** | | |
| Financial assets that are debt instruments measured at amortised cost | **4,721** | 5,490 |
| | **4,721** | 5,490 |

| | 2015 £000 | 2014 £000 |
|---|---|---|
| **Financial liabilities** | | |
| Financial liabilities measured at amortised cost | **10,888** | 10,947 |
| | **10,888** | 10,947 |

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and prepayments and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, bank loans and overdrafts, obligations under finance leases and hire purchase contracts and accruals.

## 18. Deferred taxation

| | Deferred tax £000 |
|---|---|
| At 1 January 2015 | **(55)** |
| Utilised in year | **(11)** |
| **At 31 December 2015** | **(66)** |

The provision for deferred taxation is made up as follows:

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Excess of depreciation over taxation allowances | **(66)** | (56) |
| Qualifying charitable donations | **-** | 1 |
| | **(66)** | (55) |

# Notes to the Financial Statements
**For the Year Ended 31 December 2015**

## 19. Share capital

| | 2015 | 2014 |
|---|---|---|
| | **£000** | £000 |
| **Allotted, called up and fully paid** | | |
| 500,000 Ordinary shares of £1 each | **500** | 500 |

## 20. Pension commitments

The company makes contributions on behalf of employees to a defined contribution pension scheme. The cost of contributions in the period was £238,609 (2014: £213,388).

## 21. Contingent Liabilities

Santander Bank holds cross guarantees from the company in respect of the indebtedness of other group companies. The amount owed to the Santander Bank by the group as at 31 December 2015 was £2.961m.

## 22. Reserves

**Revaluation reserve**

Revaluation reserves balance of £546,000 has been carried forward from the financial year ending 31 December 2014.

**Profit & loss account**

This includes all current and prior period retained profits and losses.

## 23. Commitments under operating leases

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

| | 2015 | 2014 |
|---|---|---|
| | **£000** | £000 |
| Not later than 1 year | **375** | 371 |
| **Total** | **375** | 371 |

# Notes to the Financial Statements

**For the Year Ended 31 December 2015**

## 24. Related party transactions

The company has taken advantage of the exemption under FRS 102 Section 33 "Related Party Disclosures" not to disclose transactions with its subsidiary undertakings as their results are included in the consolidated financial statements for the ultimate parent company.

FRS 102 Section 33.6 requires the company to disclose remuneration of all key personnel. Total remuneration to key personnel during the year totaled £493,766 (2014: £460,392).

## 25. Controlling party

The company is a wholly owned subsidiary of Killyvally Holdings Limited, a company incorporated in Northern Ireland, whose financial statements are available from the registrar of companies in Belfast. The directors consider that Killyvally Holdings Limited is under the control of Mr Magowan and Mr Crilly by virtue of their shareholdings. The registered office of the parent company is 6 Killyvally Road, Garvagh, Coleraine, BT51 5JZ.

Results of the company will be consolidated in the accounts of Killyvally Holdings Limited. Copies of the group accounts are available at the above address.

## 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.

Changes for FRS 102 adoption:
Previously the company valued its Freehold Property using the revaluation method under FRS 15. The company have availed of the transitional arrangements under Section 35.10 to adopt the revaluation as deemed cost. On transition there is no impact due to change in accounting policy.