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Company Registration No. 04012032 (England and Wales)

POWERFORCE DISTRIBUTION LIMITED

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

WEDNESDAY



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POWERFORCE DISTRIBUTION LIMITED

COMPANY INFORMATION

Directors	Mr R Sutton Mrs S M Sutton
Secretary	Mrs S M Sutton
Company number	04012032
Registered office	Sutton House Berry Hill Road Fenton Stoke on Trent Staffordshire ST4 2NL
Auditors	DJH Accountants Limited Porthill Lodge High Street Wolstanton Newcastle under Lyme Staffordshire ST5 0EZ

POWERFORCE DISTRIBUTION LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the cash flow statement	10
Notes to the financial statements	11 - 14

POWERFORCE DISTRIBUTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The directors present the strategic report and financial statements for the year ended 30 June 2015.

Review of the business

Business Strategy

The company has clear strategies for growth and we will continue to make significant investment in our brands/products and infrastructure to deliver these strategies.

At every annual general meeting and operating board meeting, strategic issues including risks and opportunities are discussed.

A comprehensive review of the company's performance against previous strategic targets would also take place in those meetings and by each department manager on a regular basis.

Communication of this information is relayed to all relevant stakeholders, investors, colleagues, suppliers and customers where appropriate.

Trading environment

- Economic and financial conditions
- Cost of raw materials, services and overheads
- Competitor activity

Our financial statements show that although the rate of growth has reduced we have continued to make progress towards the delivery of our strategic priorities as well as trading strongly in what continues to be a subdued consumer environment. Our broad range of brands/products and services ensures we appeal to a diverse demographic of customers.

Continued investment has been made into the company's infrastructure.

The company has embedded disciplines to maintain strong management of working capital and cash generation, and has strong management of key relationships with banks and credit insurers.

The company operates a continuous review and challenge of its cost base in all areas. Through strong and long standing relationships with many suppliers the company is in a position to consider the key costs of the business in the short, medium and where appropriate long term and act accordingly.

Strong global sourcing capabilities with established buying operations in Asia continue to be leveraged to control the cost of goods sold and therefore benefit customers.

With over a third of products imported, the volatility of the global economy exposes the company to both currency fluctuations, particularly the US Dollar, and changes in freight costs.

In response to this risk the company uses forward booking of currencies to hedge against future currency rates.

In a highly competitive market it is essential for the company to analyse the activity of its competitors and provide dynamic pricing structures to satisfy its customers.

POWERFORCE DISTRIBUTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

Development, performance and position

Sales and operational profit

Turnover has increased by 16.68% to £45.2m (FY14: £38.7m) while the gross profit percentage has decreased slightly to 2.33% (FY14: 2.53%).

Administrative expenses increased by 14.01% to £1.91m (FY14: £1.68m) leading to the operational loss to increase by 23.56% to (£862k) (FY14: (£698k)).

This is primarily due to the majority of the sales activity being the sale of goods to fellow subsidiaries within the group at nil gain.

Interest payable

Interest payable has risen to £51k (FY14: £10k). This is partly due to new interest costs from overseas suppliers in exchange for extended credit terms.

Profit before tax

The loss before tax for the year was (£913k) (FY14: (£708k)).

Taxation

Based on these accounts no taxation is due in 2015 (FY14: nil).

Balance Sheet

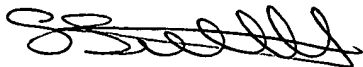
Net liabilities as at 30 June 2015 were (£4.3m) (FY14: (£3.3m)).

The value of closing stock as at 30 June 2015 was £20.6m (FY14: £17.6m).

Debtors as at 30 June 2015 increased by £0.3m to £9.0m (FY14: £8.7m).

Creditors amounts falling due within one year as at 30 June 2015 increased by £4.3m to £34.0m (FY14: £29.7m). This is primarily due to the increased investment in stock and the amount of stock received in the latter part of the year.

By order of the board



.....
Mrs S M Sutton
Secretary

.....
24/03/16
Date

POWERFORCE DISTRIBUTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The directors present their report and financial statements for the year ended 30 June 2015.

Principal activities

The principle activity of the company continues to be research and design, sourcing, distribution, import and sale of electrical and houseware products.

Results and dividends

The results for the year are set out on page 7.

The director does not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 July 2014:

Mr R Sutton

Mrs S M Sutton

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with the company's articles, a resolution proposing that DJH Accountants Limited be reappointed as auditors of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgements 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;
- 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.

POWERFORCE DISTRIBUTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



.....
Mrs S M Sutton
Secretary

24/03/16
.....
Date

POWERFORCE DISTRIBUTION LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF POWERFORCE DISTRIBUTION LIMITED

We have audited the financial statements of Powerforce Distribution Limited for the year ended 30 June 2015 set out on pages 7 to 14. 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).

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 set out on pages 3 - 4, 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 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 30 June 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 directors' report is consistent with the financial statements.

POWERFORCE DISTRIBUTION LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF POWERFORCE DISTRIBUTION 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.

Porthill Lodge
High Street
Wolstanton
Newcastle under Lyme
Staffordshire
ST5 0EZ

25/3/16
.....



Mr Paul David Hulme FCCA
(Senior Statutory Auditor)
for and on behalf of
DJH ACCOUNTANTS LIMITED

Chartered Certified Accountants
Registered Auditor

POWERFORCE DISTRIBUTION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 £	2014 £
Turnover	2	45,177,498	38,720,107
Cost of sales		(44,124,810)	(37,738,401)
Gross profit		1,052,688	981,706
Administrative expenses		(1,914,636)	(1,679,276)
Operating loss	3	(861,948)	(697,570)
Interest payable and similar charges	4	(50,765)	(10,385)
Loss on ordinary activities before taxation		(912,713)	(707,955)
Tax on loss on ordinary activities	5	-	-
Loss for the year	10	(912,713)	(707,955)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

POWERFORCE DISTRIBUTION LIMITED

BALANCE SHEET

AS AT 30 JUNE 2015

	Notes	£	2015 £	£	2014 £
Current assets					
Stocks	6	20,662,268		17,644,492	
Debtors	7	9,036,185		8,664,113	
Cash at bank and in hand		46,551		29,947	
		29,745,004		26,338,552	
Creditors: amounts falling due within one year	8	(34,007,606)		(29,688,441)	
Total assets less current liabilities			(4,262,602)		(3,349,889)
Capital and reserves					
Called up share capital	9		90		90
Other reserves	10		10		10
Profit and loss account	10		(4,262,702)		(3,349,989)
Shareholders' funds	11		(4,262,602)		(3,349,889)

Approved by the Board and authorised for issue on 24/03/16

.....
Mr R Sutton
Director

Company Registration No. 04012032

POWERFORCE DISTRIBUTION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	2015		2014	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		364,444		(479,074)
Returns on investments and servicing of finance				
Interest paid	(50,765)		(10,385)	
Net cash outflow for returns on investments and servicing of finance		(50,765)		(10,385)
Net cash inflow/(outflow) before management of liquid resources and financing		313,679		(489,459)
Increase/(decrease) in cash in the year		313,679		(489,459)

POWERFORCE DISTRIBUTION LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

1 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities	2015	2014
	£	£
Operating loss	(861,948)	(697,570)
Increase in stocks	(3,017,776)	(8,855,742)
Increase in debtors	(372,072)	(1,416,944)
Increase in creditors within one year	4,616,240	10,491,182
Net cash inflow/(outflow) from operating activities	364,444	(479,074)

2 Analysis of net debt	1 July 2014	Cash flow	Other non-cash changes	30 June 2015
	£	£	£	£
Net cash:				
Cash at bank and in hand	29,947	16,604	-	46,551
Bank overdrafts	(514,272)	297,075	-	(217,197)
	<u>(484,325)</u>	<u>313,679</u>	<u>-</u>	<u>(170,646)</u>
Bank deposits	-	-	-	-
Net debt	(484,325)	313,679	-	(170,646)

3 Reconciliation of net cash flow to movement in net debt	2015	2014
	£	£
Increase/(decrease) in cash in the year	313,679	(489,459)
Movement in net debt in the year	313,679	(489,459)
Opening net (debt)/funds	(484,325)	5,134
Closing net debt	(170,646)	(484,325)

POWERFORCE DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company is reliant on financial support from its parent company, Sutton Venture Group Limited. Amounts outstanding to the parent company at 30 June 2015 were £4,400,214, in addition, the company's bank overdraft is secured by a cross guarantee.

The directors have prepared management accounts up to 31 December 2015 and budgets up to 30 June 2016. On the basis of this information, the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Stock

Stock is valued at the lower of cost and net realisable value.

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Sutton Venture Group Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Turnover

Geographical market

	Turnover	
	2015	2014
	£	£
United Kingdom - External Sales	2,332,269	2,235,822
United Kingdom - Internal Sales	42,845,229	36,484,285
	<u>45,177,498</u>	<u>38,720,107</u>

3 Operating loss

	2015	2014
	£	£
Operating loss is stated after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>8,500</u>	<u>7,900</u>

POWERFORCE DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

4	Interest payable	2015	2014
		£	£
	On bank loans and overdrafts	50,765	10,385
		<u> </u>	<u> </u>
5	Taxation	2015	2014
		£	£
	Total current tax	-	-
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(912,713)	(707,955)
		<u> </u>	<u> </u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2014 - 20%)	(182,543)	(141,591)
		<u> </u>	<u> </u>
	Effects of:		
	Non deductible expenses	16	4
	Tax losses utilised	182,527	141,587
		<u> </u>	<u> </u>
		182,543	141,591
		<u> </u>	<u> </u>
	Current tax charge for the year	-	-
		<u> </u>	<u> </u>
6	Stocks	2015	2014
		£	£
	Goods for resale	20,662,268	17,644,492
		<u> </u>	<u> </u>
7	Debtors	2015	2014
		£	£
	Trade debtors	3,750,471	2,940,873
	Amounts owed by parent and fellow subsidiary undertakings	515,257	440,624
	Corporation tax	4	4
	Other debtors	4,731,216	5,216,322
	Prepayments and accrued income	39,237	66,290
		<u> </u>	<u> </u>
		9,036,185	8,664,113
		<u> </u>	<u> </u>

POWERFORCE DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

8	Creditors: amounts falling due within one year	2015 £	2014 £
	Bank loans and overdrafts	217,197	514,272
	Trade creditors	33,411,421	28,155,373
	Taxes and social security costs	16,396	14,424
	Other creditors	36,717	26,414
	Accruals and deferred income	325,875	977,958
		<u>34,007,606</u>	<u>29,688,441</u>

The bank overdraft is secured by a fixed and floating charge over all the assets of the company. There is also an inter company composite guarantee in place for an unlimited amount dated 13 August 2003 between Powerforce Distribution Limited, R K Wholesale Limited and Sutton Venture Group Limited.

9	Share capital	2015 £	2014 £
	Allotted, called up and fully paid		
	90 Ordinary shares of £1 each	<u>90</u>	<u>90</u>

10	Statement of movements on reserves	Other reserves (see below) £	Profit and loss account £
	Balance at 1 July 2014	10	(3,349,989)
	Loss for the year	-	(912,713)
	Balance at 30 June 2015	<u>10</u>	<u>(4,262,702)</u>
	Other reserves		
	Capital redemption reserve		
	Balance at 1 July 2014 and at 30 June 2015	<u>10</u>	

11	Reconciliation of movements in Shareholders' funds	2015 £	2014 £
	Loss for the financial year	(912,713)	(707,955)
	Opening Shareholders' funds	<u>(3,349,889)</u>	<u>(2,641,934)</u>
	Closing Shareholders' funds	<u>(4,262,602)</u>	<u>(3,349,889)</u>

POWERFORCE DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

12 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Management and administration	7	7
Warehouse and drivers	17	21
	<u>24</u>	<u>28</u>

Employment costs

	2015 £	2014 £
Wages and salaries	533,381	547,441
Social security costs	14,573	13,930
	<u>547,954</u>	<u>561,371</u>

13 Control

Sutton Venture Group Limited, a company incorporated in England and Wales, is considered to be the ultimate parent company.

The ultimate controlling party is Mr R Sutton by virtue of his majority shareholding in Sutton Venture Group Limited.

14 Related party relationships and transactions

The following are considered to be related parties as defined by FRS 8 due to them being members of the Sutton Venture Group.

Powerforce Homewares Limited
Connexions Logistics Limited
R K Wholesale Limited
Sutton Venture Group Limited
Sutton Venture Group Property Limited
Clearco Specialists Limited

The company has taken advantage under FRS8 from the requirement to disclose transaction with group companies on the grounds that the consolidated financial statements are prepared by the ultimate parent company.