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Group Strategic Report, Report of the Directors and

Consolidated Financial Statements for the Year Ended 30 June 2017

for

Harlow Bros Holdings Ltd

Harlow Bros Holdings Ltd (Registered number: 07582674)

Contents of the Consolidated Financial Statements for the Year Ended 30 June 2017

Harlow Bros Holdings Ltd

Company Information
for the Year Ended 30 June 2017

DIRECTORS:	J R Harlow P V J Harlow R V D Harlow D Poli C M Whitlock
SECRETARY:	D Poli
REGISTERED OFFICE:	c/o Harlow Bros Limited Hathern Road Long Whatton Loughborough Leicestershire LE12 5DE
REGISTERED NUMBER:	07582674 (England and Wales)
SENIOR STATUTORY AUDITOR:	Mr Christopher David Hutton FCCA
AUDITORS:	Charnwood Accountants & Business Advisors LLP Statutory Auditor The Point Granite Way Mountsorrel Loughborough Leicestershire LE12 7TZ

Harlow Bros Holdings Ltd (Registered number: 07582674)

Group Strategic Report
for the Year Ended 30 June 2017

The directors present their strategic report of the company and the group for the year ended 30 June 2017.

REVIEW OF BUSINESS
We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end.

Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

The group operates in the timber industry. The principal activities of the group for the year under review are that of a timber distributor and manufacturer.

Results and performance
The results of the group for the year, as set out on pages 10 to 38, show another strong trading year with an increase in turnover as the group continues to see a general improvement in trade combined with the first full year trade of Bolt Building Supplies Limited which was acquired during 2015. The UK economy has continued to show steady growth as the country continues to recover after the economic recession which hit the group's core customer base in the housing market particularly hard. Our customers appear to be trading well and remain positive for the immediate future with sales orders set to continue to improve after the year end. The directors are hopeful that the group's core businesses activities will continue to show improvements.

The results reflect the group's strong underlying trading activities whilst we drive to improve the efficiency and focus of our operations. The group has made a considerable effort to control its costs in recent years and has continued to invest in all areas of the business and improving the customer experience to ensure that we remain competitive whilst offering quality products and customer service.

The gross margin is down on previous years due to increased raw material costs and the impact on prices caused by the weakness in sterling, resulting in some lower margins being achieved on some of the product range. The directors are aware of this and are continually looking to source the best available product at the most competitive prices by utilising their industry expertise and buying power.

Our supplier procurement strategy is largely based on the Timber Trade Federation (TTF) Responsible Purchasing Policy (RPP). We continue to develop our range of certified Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) products. To ensure we supply traceable and sustainable quality products we assess all suppliers and any supplier who does not meet this criteria will not be considered for trade.

All trading depots have targets and goals set over the short and medium term to ensure that they monitor opportunities for growth and to mitigate threats throughout the year, whilst reviewing their working practices to continually improve service levels to our customers. We will continue to invest in our depot premises and staff to enable us to expand and enhance our product offering across the full range of our products.

Staff numbers have increased this year, mainly warehouse and distribution staff as we recognise that our staff are a major asset for the group. We are always looking to continually improve their knowledge and identify their training needs. This includes investment in trainees, which are important to ensure that we have new talent coming through the business. This enables us to efficiently meet the increased demand in production and to pick orders placed later in the day and allow our vehicles to be loaded for prompt starts the next day. Increasingly next day delivery is expected by our customers and our operations continue to evolve to deal with such changes in the market. As a result of this, overhead cost control has remained important and we continually look to improve efficiency in this area.

Group Strategic Report
for the Year Ended 30 June 2017

REVIEW OF BUSINESS

Overall we are satisfied with the current years trading results and we are also pleased to report a growth in the value of shareholders' funds of the company for the year whilst maintaining a strong balance sheet which enables us to implement our growth and investments plans for the future. We are confident that this will continue steadily for the foreseeable future, as we continually aim to develop and grow the business further across our core business areas.

Pension scheme

The group participates in a defined benefit pension scheme. As at 30 June 2017 the deficit of the scheme was £231,200 compared to £68,000 last year. Discount rates represented by yields on corporate bonds fell to 2.7% from 3.2 % last year along with increases in inflation and pensionable pay. The increase in liabilities that this produces is has been in part offset by the increased investment asset performance in the scheme asset portfolio. In note 25 to the accounts we have outlined the impact on the financial statements in more detail based on the actuarial report. The company has agreed a deficit recovery plan with the trustees with the aim to eliminate the deficit by additional contributions commencing from April 2016 and is anticipated to be met over the following 3 years. The company regularly assesses the risks in the pension and the potential impact on the company.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk management is applied through a combination of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the company to ensure they are compliant and able to continue trading successfully.

The finance team is responsible for ensuring that effective internal controls exist to manage the financial risks and that these controls operate effectively for the benefit of the business.

We the directors endeavour to identify the risks that the company faces on a day to day basis. This is to ensure we have the financial strength and operational capacity to support the growth of the business. The current risk factors below are those that are considered by the board to be material to the company. However we also recognise that we operate in a fast paced commercial environment which is constantly evolving, where new risks may appear or immaterial risks may become more important, and the directors will develop appropriate strategies as these risks appear.

Competitive market pressure is an ongoing risk for the company. To mitigate this risk the company strives to understand its customers' requirements, markets and competitors, to ensure we continue to provide quality products and seek expansion by organic growth. Given the potential economic volatility seen in our core business markets, we are continuously monitoring trends and looking for ways in which to be more efficient and improve our working capital requirements. The production of regular financial information helps the board to identify and assess current trends.

Parts of our business, such as timber raw material purchasing, are affected by fluctuations in price and supply of key materials, although purchasing policies and practices in place seek to mitigate, where practicable, such risks.

The recent decision to leave the European Union has not yet had a significant impact on the business or operations so far, but we are mindful of the trend that as timber producers from overseas increase their production output this will result in pressure on the costs due to the uncertainty regarding the supply chain in the short to medium term. Going forward, we will closely monitor and evaluate any potential areas of risk which may arise, and be ready to take advantage of any new opportunities if they become available.

The group purchases goods from international markets and is therefore exposed to foreign currency movements on such purchases. The group manages this risk by purchasing and retaining cash funds in these currencies.

The group is required by law to maintain a minimum funding level in relation to its obligations to provide pensions to members of the pension scheme. This level of funding is dependent on a series of external factors, such as investment performance, life expectancy and gilt yields. Significant changes in these areas and actuarial assumptions underlying the calculation of plan liabilities for these could materially impact the company's trading results and can also have a significant effect on the funding levels.

This risk is mitigated by the fact that the scheme has been closed to new entrants for many years. The board regularly reviews the investment strategy and performance of the pension scheme investments to ensure that plan assets are performing and growing in line with the plan requirements to cover expected liabilities.

We have continuously worked to build a robust and flexible business by attracting and retaining the right quality staff to help us achieve this. By doing so we have a good financial position to deal with any situations which have arisen during the year and which we expect to face in the future.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The activities of the group expose it to a number of financial risks during the normal course of the group's business. The group aims to limit undue exposure to business and financial risks and ensure sufficient working capital exists to fund operations, take opportunities to make additional investments and to mitigate any potential negative effects on the group's assets and profitability.

The group monitors and manages the financial risks through regular review of the risks and consultations with investment managers to ensure risk is being managed within the group's appetite.

The directors do not consider the financial instruments to be material for the assessment of the assets, liabilities, financial position and profit or loss of the group to warrant an in depth analysis for each risk but they do consider it to be worthwhile commenting on such risks to provide a better understanding of those affecting the group as shown below.

Investments are professionally valued each quarter and it is this valuation which has been utilised to adjust the investments to fair value at the year end.

The directors consider such risks and uncertainties to the business at this point in time are:

Currency risk
As the group trades in the UK, but purchases from various overseas markets, margins can fluctuate in line with changes in currency spot rates against the value of sterling for our purchases. This is mitigated in part by the group holding foreign currency accounts from which such transactions will flow through.

Customer mix
There is a risk that the group becomes too dependent on a particular customer and product range and efforts are made to ensure that our exposure in this respect is minimised by continually striving to expand the range of products and services on offer to enhance the customer experience and build relationships with key customers.

Credit risk
Is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group.
The objective of the group in managing its credit risk to ensure that this risk is managed in line with the group's risk appetite.There is a risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the group's debtors are shown in the notes to the financial statements.

Competitor risk
The group operates in a highly competitive market balancing both customer requirements and market pressures. The directors review and monitor these factors to ensure the group's competitiveness is upheld to enable the group to maintain its long term relationships with key customers and reputation for quality. We aim to improve, strengthen and maintain the brand to ensure we maintain the right levels of investment and innovation in our customer offerings.

Liquidity risk and going concern
Liquidity and cash flow risks are the risks that the group cannot meet its obligations associated with financial liabilities as they fall due.
The group is exposed to liquidity risk as sufficient funds are required to support trading and financing activities. The group regularly monitors its liquidity position to ensure that sufficient funds are available to meet both current and future requirements.

The group's cash position removes some elements of the financial risks any business faces. With the above business risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

Health and Safety
We are conscious of our corporate responsibilities to all our stakeholders and to society as a whole. Health and safety, environmental matters, staff training and equal opportunities are key areas relevant to the group's business activities.

We are keen to remain proactive in assessing and minimising the risks in all areas of the business and educating the workforce to provide as safe a working environment as possible for our staff.

The handling of timber products, both manually and mechanically, and the stacking and storage of these products at height, can be dangerous activities. We employ a full-time Health and Safety Advisor who reports to the board regularly on working practices and improvements that can be made to increase safety for the staff. Employees are encouraged to take personal responsibility for making sure their actions and behaviour maintain safety for all staff members during the working day.

Environmental
The directors recognise that the group has a responsibility to the environment, customers, suppliers and staff to operate its commercial activities using well-managed forests and to reduce any negative environmental or social impact of its trading as far as is reasonably practical for the group.

We therefore make it a priority to ensure our timber is legally harvested and comes from well managed forests. The group recognises that the independent certification of forests and of the supply chain is the best means of providing assurances of this. Where possible we purchase material certified by the Programme for the Endorsement of Forest Certification schemes (PEFC) or the Forest Stewardship Council (FSC). As well as providing assurances on the timber itself, these schemes also provide checks on the welfare of the forest workers and indigenous population.
The group has third party audits of their chain of custody for timber supplied as certified by PEFC, FSC and other schemes. This is to ensure that claims made about certification can be proven and our certifications for these can be located on our website for customers and other stakeholders to view.

For a number of years the group has had risk assessment tools in place to monitor suppliers through the Timber Trade Federation Responsible Purchasing Policy and Code of Conduct. The risk assessment seeks to provide clear practicable information regarding the sources of raw material used in the manufacture of wood products that we source.

KEY PERFORMANCE INDICATORS
We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company, these being turnover, gross margin, operating profit and earnings before interest tax depreciation and amortisation (EBITDA). The company also closely monitors other internal KPI's.

We continually aim to develop and grow our business in order to increase our market share, whilst striving to maintain the gross margin on our products. As the prime measure of our economic output, revenue growth is key to measuring shareholder return and the success of our expansion strategies. Turnover for the year increased approximately 22% despite the increased competition in the market place and as a result of our focus on offering the best possible products and service to our customer base.

Gross margin provides an indication of the quality of turnover growth and is also a measure of value added by the company, reflecting the quality of the goods and services offered. The gross margin for the year has decreased due to the rise in direct purchase costs which we have minimised as much as possible by our continued efficiency drive on stockholding and purchasing policies.

Overall, group operating profit has decreased to £3,150,248 (2016: £3,765,576) and profit before tax has decreased to £3,625,542 (2016: £3,997,755). Profit after taxation is £3,015,182 (2016: £3,215,023) with the defined benefit pension adjustment as shown in note 25 giving a total of £2,501,278 retained by the group to be added to the group reserves

FINANCIAL INSTRUMENTS
A summary of the group financial instruments and related disclosures affecting the financial statements are set out in the notes to the accounts. The financial risk management objectives and policies of the entity and its exposure to related risks are covered above.

FUTURE DEVELOPMENTS
The directors aim to maintain the management policies which have resulted in the company's growth in recent years. The directors anticipate the business environment will remain competitive, but they believe that the group is in a good financial position to meet these challenges, with new product lines being introduced throughout the year and the continuing review of operating and cost efficiencies

EMPLOYMENT STATEMENT
Details of the number of employees and related costs can be found in Note 4 to the financial statements.

The group's ability to achieve its commercial objectives and to serve the needs of its customers in a profitable and friendly manner depends on the contribution of its employees. Employees are encouraged to develop their contribution to the business whatever department in the business they work in. The group aims to keep employees up to date with financial and other information as the directors and management board see fit such as engaging through meetings and newsletters.

The group's employment policies do not discriminate between employees, or potential employees, on the grounds of age, gender, disability, sexual orientation, ethnic origin or religious belief. Every effort would be made to ensure that employment would continue for any employees that become disabled including arranging appropriate training. It is our policy that career development, training and opportunities for promotion of disabled persons should, as far as possible, be identical with that of other employees in the business.
The criteria used for selection or promotion is the suitability of any applicant for the job. The group's pay policy is to ensure that every employee is paid a fair commercial wage.

It is our policy to train and develop employees to ensure that they are best equipped to undertake their daily tasks for which they are employed, and to provide the opportunity for career development without discrimination. Training and development is provided and is available to all levels and categories of staff.

BRANCHES OUTSIDE THE UK
The group has a subsidiary located in Guernsey.

ON BEHALF OF THE BOARD:

R V D Harlow - Director

22 March 2018

Harlow Bros Holdings Ltd (Registered number: 07582674)

Report of the Directors
for the Year Ended 30 June 2017

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2017.

DIVIDENDS
A final dividend of £29.40 was paid on each share. Total dividends during the year were £3,570,643.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2016 to the date of this report.

J R Harlow
P V J Harlow
R V D Harlow
D Poli
C M Whitlock

DISCLOSURE IN THE STRATEGIC REPORT
The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

AUDITORS

The auditors, Charnwood Accountants & Business Advisors LLP, have expressed their willingness to continue in office as auditors and will be proposed for re-appointment at the forthcoming Annual General Meeting in accordance with Section 485 & 487 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

R V D Harlow - Director

22 March 2018

Report of the Independent Auditors to the Members of
Harlow Bros Holdings Ltd

Opinion
We have audited the financial statements of Harlow Bros Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 on pages twelve to forty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company affairs as at 30 June 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Harlow Bros Holdings Ltd

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page eight, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Mr Christopher David Hutton FCCA (Senior Statutory Auditor)
for and on behalf of Charnwood Accountants & Business Advisors LLP
Statutory Auditor
The Point
Granite Way
Mountsorrel
Loughborough
Leicestershire
LE12 7TZ

Date: 23/3/18

Consolidated Income Statement
for the Year Ended 30 June 2017

	Notes	30.6.17 £	£	30.6.16 £	£
TURNOVER	4		66,779,922		54,588,987
Cost of sales			53,783,792		42,535,810
GROSS PROFIT			12,996,130		12,053,177
Distribution costs		865,654		270,618	
Administrative expenses		8,991,304		8,050,660	
			9,856,958		8,321,278
			3,139,172		3,731,899
Other operating income			11,076		33,677
OPERATING PROFIT	6		3,150,248		3,765,576
Income from fixed asset investments		62,876		88,876	
Interest receivable and similar income		447,853		210,429	
Other finance income	26	-		4,000	
			510,729		303,305
			3,660,977		4,068,881
Interest payable and similar expenses	8	31,435		71,126	
Other finance costs	26	4,000		-	
			35,435		71,126
PROFIT BEFORE TAXATION			3,625,542		3,997,755
Tax on profit	9		610,360		782,732
PROFIT FOR THE FINANCIAL YEAR			3,015,182		3,215,023
Profit attributable to:					
Owners of the parent			2,616,278		2,705,124
Non-controlling interests			398,904		509,899
			3,015,182		3,215,023

The notes form part of these financial statements

Harlow Bros Holdings Ltd (Registered number: 07582674)

Consolidated Other Comprehensive Income
for the Year Ended 30 June 2017

	Notes	30.6.17 £	30.6.16 £
PROFIT FOR THE YEAR		3,015,182	3,215,023
OTHER COMPREHENSIVE LOSS			
Net actuarial gain / (loss)		(115,000)	(193,000)
Income tax relating to other comprehensive loss		-	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		(115,000)	(193,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,900,182	3,022,023
Total comprehensive income attributable to:			
Owners of the parent		2,900,182	3,022,023

The notes form part of these financial statements

Harlow Bros Holdings Ltd (Registered number: 07582674)

Consolidated Balance Sheet
30 June 2017

	Notes	30.6.17 £	30.6.17 £	30.6.16 £	30.6.16 £
FIXED ASSETS					
Intangible assets	12		536,339		701,367
Tangible assets	13		19,301,736		16,254,085
Investments	14		1,146,323		6,267,021
			20,984,398		23,222,473
CURRENT ASSETS					
Stocks	15	8,820,960		7,635,246	
Debtors	16	15,026,338		13,084,943	
Cash at bank and in hand		5,349,777		4,659,200	
		29,197,075		25,379,389	
CREDITORS					
Amounts falling due within one year	17	15,514,798		11,973,467	
NET CURRENT ASSETS			13,682,277		13,405,922
TOTAL ASSETS LESS CURRENT LIABILITIES			34,666,675		36,628,395
CREDITORS					
Amounts falling due after more than one year	18		(407,531)		(2,555,561)
PROVISIONS FOR LIABILITIES	22		(31,173)		(115,604)
PENSION LIABILITY	26		(231,200)		(68,000)
NET ASSETS			33,996,771		33,889,230
CAPITAL AND RESERVES					
Called up share capital	23		112,136		121,450
Share premium	24		1,792,869		3,959,492
Capital redemption reserve	24		46,995		46,995
Retained earnings	24		32,044,771		29,761,293
SHAREHOLDERS' FUNDS			33,996,771		33,889,230

The financial statements were approved by the Board of Directors on 22 March 2018 and were signed on its behalf by:

R V D Harlow - Director

The notes form part of these financial statements

Harlow Bros Holdings Ltd (Registered number: 07582674)

Company Balance Sheet
30 June 2017

	Notes	30.6.17 £	30.6.17 £	30.6.16 £	30.6.16 £
FIXED ASSETS					
Intangible assets	12		-		-
Tangible assets	13		14,517,692		12,284,986
Investments	14		15,541,615		20,662,313
			30,059,307		32,947,299
CURRENT ASSETS					
Debtors	16	3,621,951		2,907,910	
Cash at bank		2,297,692		974,612	
		5,919,643		3,882,522	
CREDITORS					
Amounts falling due within one year	17	5,308,289		3,472,802	
NET CURRENT ASSETS			611,354		409,720
TOTAL ASSETS LESS CURRENT LIABILITIES			30,670,661		33,357,019
CREDITORS					
Amounts falling due after more than one year	18		407,531		2,510,330
NET ASSETS			30,263,130		30,846,689
CAPITAL AND RESERVES					
Called up share capital	23		112,136		121,450
Share premium	24		26,491,764		28,658,387
Retained earnings	24		3,659,230		2,066,852
SHAREHOLDERS' FUNDS			30,263,130		30,846,689
Company's profit for the financial year			1,810,178		2,558,950

The financial statements were approved by the Board of Directors on 22 March 2018 and were signed on its behalf by:

R V D Harlow - Director

The notes form part of these financial statements

Harlow Bros Holdings Ltd (Registered number: 07582674)

Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2017

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 July 2015	121,450	30,819,812	3,959,492	46,995	34,947,749
Changes in equity					
Dividends	-	(3,570,643)	-	-	(3,570,643)
Total comprehensive income	-	2,512,124	-	-	2,512,124
Balance at 30 June 2016	121,450	29,761,293	3,959,492	46,995	33,889,230
Changes in equity					
Issue of share capital	(9,314)	-	-	-	(9,314)
Dividends	-	(217,800)	-	-	(217,800)
Total comprehensive income	-	2,501,278	-	-	2,501,278
Reduction of share capital	-	-	(2,166,623)	-	(2,166,623)
Balance at 30 June 2017	112,136	32,044,771	1,792,869	46,995	33,996,771

The notes form part of these financial statements

Company Statement of Changes in Equity
for the Year Ended 30 June 2017

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 July 2015	121,450	3,078,545	28,658,387	31,858,382
Changes in equity				
Dividends	-	(3,570,643)	-	(3,570,643)
Total comprehensive income	-	2,558,950	-	2,558,950
Balance at 30 June 2016	121,450	2,066,852	28,658,387	30,846,689
Changes in equity				
Issue of share capital	(9,314)	-	-	(9,314)
Dividends	-	(217,800)	-	(217,800)
Total comprehensive income	-	1,810,178	-	1,810,178
Reduction of share capital	-	-	(2,166,623)	(2,166,623)
Balance at 30 June 2017	112,136	3,659,230	26,491,764	30,263,130

The notes form part of these financial statements

Harlow Bros Holdings Ltd (Registered number: 07582674)

Consolidated Cash Flow Statement
for the Year Ended 30 June 2017

	Notes	30.6.17 £	30.6.16 £
Cash flows from operating activities			
Cash generated from operations	1	3,252,058	3,176,945
Interest paid		(31,435)	(69,357)
Interest element of hire purchase payments paid		-	(1,769)
Finance costs paid		(4,000)	-
Tax paid		(1,042,780)	(581,244)
Net cash from operating activities		2,173,843	2,524,575
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(825,138)
Purchase of tangible fixed assets		(4,400,551)	(5,273,597)
Purchase of fixed asset investments		(2,628,227)	-
Sale of tangible fixed assets		27,610	25,958
Sale of fixed asset investments		8,529,242	2,190,924
Interest received		15,234	214,429
Dividends received		62,876	88,876
Net cash from investing activities		1,606,184	(3,578,548)
Cash flows from financing activities			
New loans in year		-	1,613,129
Loan repayments in year		(602,799)	-
Movement on hire purchase in year		(16,733)	16,733
Amount withdrawn by directors		(76,181)	(258,500)
Capital redemption		(2,175,937)	-
Equity dividends paid		(217,800)	(2,047,801)
LLP share due to minority interests		-	(509,899)
Net cash from financing activities		(3,089,450)	(1,186,338)
Increase/(decrease) in cash and cash equivalents		690,577	(2,240,311)
Cash and cash equivalents at beginning of year	2	4,659,200	6,899,511
Cash and cash equivalents at end of year	2	5,349,777	4,659,200

The notes form part of these financial statements

Harlow Bros Holdings Ltd (Registered number: 07582674)

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 June 2017

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	30.6.17	30.6.16
	£	£
Profit before taxation	3,625,542	3,997,755
Depreciation charges	1,508,676	1,343,800
(Profit)/loss on disposal of fixed assets	(808,734)	89,153
Change in market value of investments	442,677	(184,163)
Pension charge against contributions	48,200	(28,315)
Finance costs	35,435	71,126
Finance income	(510,729)	(303,305)
	4,341,067	4,986,051
Increase in stocks	(1,185,714)	(1,505,235)
Increase in trade and other debtors	(1,910,992)	(4,051,649)
Increase in trade and other creditors	2,007,697	3,747,778
Cash generated from operations	3,252,058	3,176,945

2. **CASH AND CASH EQUIVALENTS**

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

Year ended 30 June 2017

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	5,349,777	4,659,200

Year ended 30 June 2016

	30.6.16	1.7.15
	£	£
Cash and cash equivalents	4,659,200	6,899,511

1. **STATUTORY INFORMATION**

Harlow Bros Holdings Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

Harlow Bros Holdings Ltd ('the Company') and its subsidiaries (together 'the Group') operate a number of depots throughout the UK.

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates.

The nature of the group's operations and its principal activities are set out in the Strategic Report.

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006 and under the provision of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in notes below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern
Having completed their assessment, the directors have concluded that there are no material uncertainties that cast significant doubt about the ability of the group to continue as a going concern.

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.
The group's business activities, together with the factors likely to affect its future development and financial position have been documented in the strategic report. The group currently has sufficient financial resources together with strong relationships spread of a number of customers to enable future growth to continue.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

continued...

3. **ACCOUNTING POLICIES - continued**

Basis of consolidation
The consolidated financial statements include the accounts of the Company and all entities controlled by the Company (its subsidiaries) (together referred to as "the Group") from the date control commences until the date that control ceases.

The consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiary undertakings controlled by the group up to 30 June each year.

Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group.
Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of all subsidiary undertakings are prepared to the same reporting date as the Company. All subsidiary undertakings have been included in the consolidated financial statements.

The principal subsidiary undertakings of the Company at 30 June each year are detailed in note 14 to the Company balance sheet. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

continued...

3. **ACCOUNTING POLICIES - continued**

Significant judgements and estimates
In the application of the group's accounting policies, which are described in the accounting policies below, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors believe that the following judgements are critical due to the degree of estimation required and / or the potential material impact they may have on the Group's financial position and performance.

Judgements
In preparing these financial statements, the directors have made the following key judgements that have a significant effect on the amounts recognised in the financial statements as described below.

1) Determine whether there are indicators of impairment of the group's tangible assets along with residual values and asset lives. The residual value is the net realisable value of an asset at the end of its useful economic life. The group has made an assessment of the residual values that are appropriate for the business and reviews this assessment annually. Note 13 provides details of the value of fixed assets capitalised.

2) Assessing whether the Group controls Harlows Kidderminster LLP requires judgement. The Group holds a 50% share as stated in the partnership agreement and controls the operating and financial policies of Harlows Kidderminster LLP. This agreement includes the power to set the annual budget and financial plan, appointing, removing and setting the remuneration of senior staff, and setting operating procedures and responsibilities. The Group considers that these powers demonstrate that the Group controls Harlows Kidderminster LLP.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

a) Establishing useful economic lives for depreciation purposes of property, plant and equipment
Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review these asset useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the tangible fixed asset accounting policy.

b) Providing for bad and doubtful debts
The group makes an estimate of the recoverable value of trade and other debtors. The group uses estimates based on historical experience in determining the level of debts, which the group believes, will not be collected. These estimates include such factors as the current credit rating of the debtor, the ageing profile of debtors and historical experience. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in a reduction in the level of bad debt provision would have a positive impact on the operating results. The level of provision required is reviewed on an on-going basis.

continued...

3. **ACCOUNTING POLICIES - continued**

c) Defined benefit pension scheme
The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors which are sensitive to the actuarial assumptions included within the report by the actuary, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The actuary estimates these factors in determining the net pension obligation in the balance sheet as arrived at in their report to management. The assumptions reflect historical experience and current trends. The size of the plan assets is also sensitive to asset return levels and the level of contributions paid by the group. See note 25 for the disclosures relating to the defined benefit pension scheme.

d) Impairment of intangible assets and goodwill
Annually, the Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and
also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

e) Establishing useful economic life of intangible assets and goodwill
The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

f) Valuation of investment properties
The group carries its investment properties at fair value, with changes in fair value being recognised in the
statement of profit or loss. For investment properties, a valuation methodology based on expected yield rates was considered for the year. In addition, the group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property where the directors consider it applicable.
The key assumptions used to determine the fair value of the properties are provided in the investment property accounting policy.

continued...

3. **ACCOUNTING POLICIES - continued**

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes

The Group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met, as described below.

Sale of goods
Sales of goods are recognised on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or payment card. Provision is made for credit notes based on the expected level of returns which is based on the historical experience of returns.

Rental income - company only
Rents receivable on freehold investment properties, under the terms of operating leases, are included in the profit and loss account on a receivable basis less related expenses.

Partnership profits - company only
Income is recognised when the entitlement to profits have been established and agreed.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of a business in October 2015, has been amortised evenly over its estimated useful life of 5 years.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

continued...

3. **ACCOUNTING POLICIES - continued**

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

Freehold property	- 2% on cost
Freehold investment property	- 2% on cost
Improvements to property	- 20% on cost and 10% on cost
Plant and machinery	- 15% on cost and at varying rates on cost
Fixtures and fittings	- 15% on cost, 10% on cost and at varying rates on cost
Motor vehicles	- 25% on cost
Computer equipment	- 20% on cost

No depreciation is provided on freehold land.

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Stocks
Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, and after making due allowance for obsolete and slow moving items.

The cost of stock is calculated on the weighted average cost principle on a first in first out basis and includes expenditure incurred in acquiring stock, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost for raw materials and consumables are at the purchase cost to the company. Cost for Work in progress and finished goods includes all direct expenditure.The cost of work in progress and finished goods includes production overheads and the attributable proportion of indirect overheads based on the normal level of activity.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price, in the ordinary course of business, less costs to complete and sell. The impairment provision is determined primarily by future demand forecasts. The write down is measured as the difference between the calculated cost of the stock and market based upon assumptions about future demand and charged to the provision for stock, which is a component of cost of sales.

continued...

3. **ACCOUNTING POLICIES - continued**

Financial instruments
The group mainly enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to/from related parties.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments 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 outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors
Trade and other debtors are initially recognised at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

A provision for impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of debtors. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the profit & loss in operating expenses.

Trade and other creditors
Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings or current liabilities when applicable.

In the Cash Flow Statement, cash and cash equivalents are shown separate to bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

Financial assets and financial liabilities at fair value through profit or loss

Classification
Investments in debt, equity and derivatives held by the group are classified as financial assets or liabilities at fair value through profit or loss.

Recognition, derecognition and measurement
Regular purchases and sales of financial instruments are recognised on the trade date, being the date on which the group commits itself to the purchase or sale. Financial instruments at fair value through profit or loss are initially recognised at fair value, when the group becomes party to the contractual provisions of the instrument, with their associated transaction costs being charged immediately, when incurred, to profit or loss.

Subsequent to the initial recognition, financial assets and liabilities at fair value through profit and loss are measured at fair value with the resultant gains and losses being taken to profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the group has transferred substantially all the risks and rewards of ownership.

continued...

3. **ACCOUNTING POLICIES - continued**

Fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of assets and liabilities traded in an active market is based on quoted market prices at the close of trading on the reporting date. For quoted financial assets the valuation is based on the closing bid price; for quoted liabilities the closing asking price is applied.

Where financial instruments are not traded in an active market, the fair value is determined using valuation techniques. The valuation techniques used are dependent on the level of data, the circumstances and the availability of observable inputs for each such financial instrument but may include comparable recent arm's length transactions, discounted cash flow analysis and other models.

Net gain or loss from financial assets and liabilities at fair value through profit or loss

Net gains or losses from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes but does not include interest and dividend income.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively *enacted by the balance sheet date.*

Taxation

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

In preparing the financial statements of the company, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise or loss.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

continued...

3. **ACCOUNTING POLICIES - continued**

Pension costs and other post-retirement benefits
The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
(a) the increase in pension benefit liability arising from employee service during the period; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

Defined contribution pension plans
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 payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Harlow Bros Limited operates a defined contribution pension scheme in respect of the directors. A defined benefit scheme is operated for certain other employees. The funding plan and the contribution are not material in the context of these financial statements. Pension costs are charged to the profit and loss account at the time that the contributions are paid into the scheme.

Harlow Timber Systems Limited and Harlows Kidderminster LLP also make payments to a group personal pension scheme for certain directors and employees. Payments to these schemes are charged to the profit and loss account in the period in which they are made.

Equity investments
Equity investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

continued...

3. **ACCOUNTING POLICIES - continued**

Finance lease receivables
Finance lease receivables are included at the cost of the equipment less amounts charged against rentals to date. Net leasing income under finance leases is taken to profit in proportion to the funds invested in the assets

Provisions for liabilities
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

The group's principal activities are as stated in the strategic report and the group operates within the geographical region of the United Kingdom.

5. **EMPLOYEES AND DIRECTORS**

	30.6.17	30.6.16
	£	£
Wages and salaries	11,337,391	9,668,967
Social security costs	739,620	638,433
Other pension costs	404,821	231,789
	12,481,832	10,539,189

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

	30.6.17	30.6.16
Directors	5	5
Management and administrative	153	128
Production	297	285
	455	418

Company
The company had no employees during 2017 or 2016.

continued...

5. **EMPLOYEES AND DIRECTORS - continued**

	30.6.17	30.6.16
	£	£
Directors' remuneration	260,034	306,706
Directors' pension contributions to money purchase schemes	5,230	12,336

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2
Defined benefit schemes	3	3

Information regarding the highest paid director is as follows:

	30.6.17	30.6.16
	£	£
Emoluments etc	141,573	116,023
Pension contributions to money purchase schemes	5,230	5,230

6. **OPERATING PROFIT**

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

	30.6.17	30.6.16
	£	£
Hire of plant and machinery	208,817	125,539
Finance lease income	(10,281)	(20,200)
Depreciation - owned assets	1,343,649	1,220,024
(Profit)/loss on disposal of fixed assets	(808,734)	89,153
Goodwill amortisation	165,028	123,771
Changes in fair value investments	431,944	184,163

7. **AUDITORS' REMUNERATION**

	30.6.17	30.6.16
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	5,000	5,000
Auditors' remuneration for non audit work	55,276	95,570

8. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	30.6.17	30.6.16
	£	£
Bank interest	31,435	41,570
Bank loan interest	-	1,787
Interest payable	-	26,000
Hire purchase	-	1,769
	31,435	71,126

continued...

9. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	30.6.17	30.6.16
	£	£
Current tax:		
UK corporation tax	707,518	785,494
Prior year adjustment	28,073	-
Total current tax	735,591	785,494
Deferred tax:		
Deferred tax	(84,431)	39,553
Defered tax pension	(40,800)	(42,315)
Total deferred tax	(125,231)	(2,762)
Tax on profit	610,360	782,732

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.17	30.6.16
	£	£
Profit before tax	3,625,542	3,997,755
Profit multiplied by the standard rate of corporation tax in the UK of 19.750% (2016 - 20%)	716,045	799,551
Effects of:		
Expenses not deductible for tax purposes	15,460	9,637
Income not taxable for tax purposes	(12,418)	(13,575)
Capital allowances in excess of depreciation	(81,523)	-
Adjustments to tax charge in respect of previous periods	28,073	-
Non taxable goodwill amortisation	32,593	-
Other timing differences	(73,650)	(34,593)
Tax charge under S747 ICTA 1988 in excess of a/c profit	17,578	21,712
Chargeable gains in excess of accounting profit	93,433	-
Deferred tax adjustment	(84,431)	-
Deferred tax charge on net pension asset / liability	(40,800)	-
Total tax charge	610,360	782,732

continued...

9. **TAXATION - continued**

Tax effects relating to effects of other comprehensive income

		30.6.17	
	Gross	Tax	Net
	£	£	£
Net actuarial gain / (loss)	(115,000)	-	(115,000)

		30.6.16	
	Gross	Tax	Net
	£	£	£
Net actuarial gain / (loss)	(193,000)	-	(193,000)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). The main rate was reduced to 19% from 1 April 2017 and to 17% from 1 April 2020.

In this financial period, the UK corporation tax standard rate was mainly chargeable at 20% (2016: 20%).
Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The effective tax rate differs from the UK corporation tax rate principally due to the deductibility of allowances on capital expenditure and the under provision for prior year, and other permanent differences arising in the period as detailed in the tax charge reconciliation.

10. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

11. **DIVIDENDS**

	30.6.17	30.6.16
	£	£
Ordinary shares shares of £1 each		
Final	217,800	240,643
Non-voting shares shares of £1 each		
Interim	-	3,330,000
	217,800	3,570,643

continued...

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill
	£
COST	
At 1 July 2016	
and 30 June 2017	995,055
AMORTISATION	
At 1 July 2016	293,688
Amortisation for year	165,028
At 30 June 2017	458,716
NET BOOK VALUE	
At 30 June 2017	536,339
At 30 June 2016	701,367

Amortisation of intangible fixed assets is included in administrative expenses.

Company
The Company had no intangible assets at 30 June 2017 or 2016.

13. TANGIBLE FIXED ASSETS

Group

	Freehold property	Freehold investment property	Improvements to property	Improvements to property
	£	£	£	£
COST				
At 1 July 2016	12,350,628	1,329,137	-	373,905
Additions	2,466,330	330,090	6,951	50,733
At 30 June 2017	14,816,958	1,659,227	6,951	424,638
DEPRECIATION				
At 1 July 2016	821,990	9,975	-	192,586
Charge for year	246,435	17,597	-	42,617
Eliminated on disposal	-	-	-	-
At 30 June 2017	1,068,425	27,572	-	235,203
NET BOOK VALUE				
At 30 June 2017	13,748,533	1,631,655	6,951	189,435
At 30 June 2016	11,528,638	1,319,162	-	181,319

continued...

13. **TANGIBLE FIXED ASSETS - continued**

Group

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 July 2016	7,617,657	161,123	2,571,716	20,052	24,424,218
Additions	726,334	19,779	799,813	521	4,400,551
Disposals	(4,850)	-	(202,610)	-	(207,460)
At 30 June 2017	8,339,141	180,902	3,168,919	20,573	28,617,309
DEPRECIATION					
At 1 July 2016	5,453,999	40,093	1,633,165	18,325	8,170,133
Charge for year	545,459	21,209	468,732	1,600	1,343,649
Eliminated on disposal	(74)	-	(198,135)	-	(198,209)
At 30 June 2017	5,999,384	61,302	1,903,762	19,925	9,315,573
NET BOOK VALUE					
At 30 June 2017	2,339,757	119,600	1,265,157	648	19,301,736
At 30 June 2016	2,163,658	121,030	938,551	1,727	16,254,085

Included in cost of land and buildings is freehold land of £1,296,025 (2016 - £1,296,025) which is not depreciated.

The land and buildings included at valuation in the balance sheet were made at their open market value on the basis of market value when the properties were acquired during earlier year.

The directors have considered the net book value of the properties from this date and consider the value of the properties to have not materially changed at the year end from the when the initial valuation on purchase took place. The directors are also satisfied that they are not impaired and reflect their assessment of the carrying value as at 30 June 2017.

continued...

13. **TANGIBLE FIXED ASSETS - continued**

Group

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

	Improvements to property £	Plant and machinery £	Totals £
COST			
At 1 July 2016	44,836	47,000	91,836
Transfer to ownership	(44,836)	(47,000)	(91,836)
At 30 June 2017	-	-	-
DEPRECIATION			
At 1 July 2016	8,519	3,807	12,326
Transfer to ownership	(8,519)	(3,807)	(12,326)
At 30 June 2017	-	-	-
NET BOOK VALUE			
At 30 June 2017	-	-	-
At 30 June 2016	36,317	43,193	79,510

Company

	Freehold property £	Freehold investment property £	Totals £
COST			
At 1 July 2016	12,042,517	1,031,488	13,074,005
Additions	2,466,330	-	2,466,330
At 30 June 2017	14,508,847	1,031,488	15,540,335
DEPRECIATION			
At 1 July 2016	789,019	-	789,019
Charge for year	233,624	-	233,624
At 30 June 2017	1,022,643	-	1,022,643
NET BOOK VALUE			
At 30 June 2017	13,486,204	1,031,488	14,517,692
At 30 June 2016	11,253,498	1,031,488	12,284,986

Included in cost of land and buildings is freehold land of £1,296,025 (2016 - £1,296,025) which is not depreciated.

continued...

13. TANGIBLE FIXED ASSETS - continued

Company

The land and buildings included at valuation in the balance sheet were made at their open market value on the basis of market value when the properties were acquired during earlier year.

The directors have considered the net book value of the properties from this date and consider the value of the properties to have not materially changed at the year end from the when the initial valuation on purchase took place. The directors are also satisfied that they are not impaired and reflect their assessment of the carrying value as at 30 June 2017.

14. FIXED ASSET INVESTMENTS

Group

	Listed investments £
COST	
At 1 July 2016	6,267,021
Additions	2,628,227
Disposals	(7,738,867)
Share of profit/(loss)	431,945
Reclassification/transfer	(442,003)
At 30 June 2017	1,146,323
NET BOOK VALUE	
At 30 June 2017	1,146,323
At 30 June 2016	6,267,021

Market value of listed investments at 30 June 2017 - £1,146,323 (2016 - £6,267,021).

continued...

14. FIXED ASSET INVESTMENTS - continued

Company

	Shares in group undertakings £	Listed investments £	Totals £
COST			
At 1 July 2016	29,870,292	6,267,021	36,137,313
Additions	-	2,628,227	2,628,227
Disposals	-	(7,738,867)	(7,738,867)
Share of profit/(loss)	-	431,945	431,945
Reclassification/transfer	-	(442,003)	(442,003)
At 30 June 2017	29,870,292	1,146,323	31,016,615
PROVISIONS			
At 1 July 2016 and 30 June 2017	15,475,000	-	15,475,000
NET BOOK VALUE			
At 30 June 2017	14,395,292	1,146,323	15,541,615
At 30 June 2016	14,395,292	6,267,021	20,662,313

Market value of listed investments at 30 June 2017 - £1,146,323 (2016 - £6,267,021).

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

Subsidiaries

Harlow Bros Ltd
Registered office: Hathern Road, Long Whatton, Loughborough, Leicestershire, England, LE12 5DE
Nature of business: Manufacturer and sale of timber & allied products

Class of shares:	% holding
Ordinary £1 shares	100.00

	30.6.17 £	30.6.16 £
Aggregate capital and reserves	12,560,838	12,402,532
Profit for the year	273,306	918,133

continued...

14. **FIXED ASSET INVESTMENTS - continued**

Harlow Timber Systems Ltd
Registered office: C/O Harlow Bros Limited, Hathern Road, Long Whatton, Loughborough, Leicestershire, England, LE12 5DE
Nature of business: Manufacturer and supply of roof trusses

Class of shares:	% holding
Ordinary £1 shares	100.00

	30.6.17	30.6.16
	£	£
Aggregate capital and reserves	1,838,604	1,277,780
Profit for the year	560,824	804,028

HBL Insurance Limited
Registered office: Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH
Nature of business: Underwriting of general insurance

Class of shares:	% holding
Ordinary £1 shares	100.00

	30.6.17	30.6.16
	£	£
Aggregate capital and reserves	1,723,006	1,670,431
Profit for the year	52,575	219,830

Harlows Kidderminster LLP (registered no: OC330392)
Registered office: C/O Harlow Bros Limited, Hathern Road, Long Whatton, Loughborough, Leicestershire, England, LE12 5DE
Nature of business: General timber merchants and allied products

Class of shares:	% holding
Not applicable	

	30.6.17	30.6.16
	£	£
Aggregate capital and reserves	2,065,714	1,874,854
Profit for the year	742,292	890,264

Bolt Building Supplies Limited
Registered office: C/O Harlow Bros Limited, Hathern Road, Long Whatton, Loughborough, Leicestershire, England, LE12 5DE
Nature of business: Manufacturer and sale of timber & allied products

Class of shares:	% holding
Ordinary £1 shares	100.00

	30.6.17	30.6.16
	£	£
Aggregate capital and reserves	1,470,140	1,385,718
Profit for the year	84,422	75,071

This company was purchased by Holdings on the 30th October 2015.

continued...

14. FIXED ASSET INVESTMENTS - continued

The subsidiary Harlows Kidderminster LLP (registered number: OC330392) has claimed audit exemption for the year end 30 June 2017 under section 479A of the Companies Act 2006.

The valuation methodologies used in the measurement of the listed investments are periodically reviewed by the Investment Advisor. The inputs used include observable data such as earnings multiples of comparable companies to the relevant portfolio. Management uses models to adjust the observed equity returns to reflect the actual debt/equity financing structure of the valued equity investment. Given the uncertainties inherent in the estimating the fair value, a degree of caution is applied in exercising judgement and making the necessary estimates. Amounts realised on the eventual sales of those investments may differ from the values reflected in the financial statements and the differences may be significant.

15. STOCKS

	Group	
	30.6.17	30.6.16
	£	£
Stock	8,670,529	7,562,545
Work-in-progress	150,431	72,701
	8,820,960	7,635,246

There is no significant difference between the replacement cost of the inventory and its carrying amount.

16. DEBTORS

	Group		Company	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	13,278,653	10,567,918	75,108	21,843
Amounts owed by group undertakings	-	-	1,994,911	1,533,431
Amounts receivable in respect of finance leases	94,155	109,265	-	-
Other debtors	224,621	96,998	109,448	9,450
Tax	30,403	-	-	-
Prepayments and accrued income	1,161,820	2,196,837	42,059	8,239
Prepayments	216,916	-	-	-
	15,006,568	12,971,018	2,221,526	1,572,963

continued...

16. **DEBTORS - continued**

	Group		Company	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	1,400,425	1,334,947
Amounts receivable in respect of finance leases	19,770	113,925	-	-
	19,770	113,925	1,400,425	1,334,947
Aggregate amounts	15,026,338	13,084,943	3,621,951	2,907,910

Trade debtors are stated after provisions for impairment of £90,356.

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

	Group		Company	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Bank loans and overdrafts (see note 19)	602,799	602,799	602,799	602,799
Hire purchase contracts (see note 20)	-	16,733	-	-
Trade creditors	9,475,704	7,559,560	15,305	19,395
Amounts owed to group undertakings	-	-	2,461,792	2,081,895
Tax	367,941	685,527	344,107	291,097
Social security and other taxes	796,571	903,857	-	-
VAT	451,777	95,053	51,579	33,827
Other creditors	1,122,415	1,120,553	17,968	50,495
QNUPS loan	1,500,000	-	1,500,000	-
Directors' current accounts	246,070	322,251	246,070	322,251
Accruals and deferred income	951,521	667,134	68,669	71,043
	15,514,798	11,973,467	5,308,289	3,472,802

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

	Group		Company	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Bank loans (see note 19)	407,531	1,010,330	407,531	1,010,330
Other creditors	-	1,545,231	-	1,500,000
	407,531	2,555,561	407,531	2,510,330

continued...

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	602,799	602,799	602,799	602,799
Amounts falling due between one and two years:				
Bank loans - 1-2 years	407,531	1,010,330	407,531	1,010,330

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	30.6.17	30.6.16
	£	£
Net obligations repayable:		
Within one year	-	16,733

21. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Bank loans	1,010,330	-	1,010,330	-

22. PROVISIONS FOR LIABILITIES

	Group	
	30.6.17	30.6.16
	£	£
Deferred tax		
Accelerated capital allowances	56,488	115,604
Deferred tax	(25,315)	-
	31,173	115,604

continued...

22. **PROVISIONS FOR LIABILITIES - continued**

Group

	Deferred tax
	£
Balance at 1 July 2016	115,604
Credit to Income Statement during year	(84,431)
Balance on acquired subsidiary	
Balance at 30 June 2017	31,173

Deferred tax is provided at the future effective tax rate of 19% (2016 - 20%) based on the rates substantively enacted at the balance sheet date, the expected timing of the reversals and the profitability of the company.

This primarily relates to the reversal of timing differences on acquired tangible assets and capital allowances through depreciation and amortisation The company also recognises a deferred tax asset of £57,800 (2016 - £17,000) at the year end in relation to the reversal of timing differences on the defined benefit pension deficit. The credit to the profit & loss account relating to the movement on this asset was £40,800.

23. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.17	30.6.16
			£	£
105,005	Ordinary shares	£1	105,005	105,005
16,445	Non-voting shares	£1	7,131	16,445
			112,136	121,450

On the 5th June 2017 the company undertook a capital reduction. 9,314 non voting shares were cancelled and extinguished with £2,166,623of associated share premium being returned to shareholders.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

continued...

24. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 July 2016	29,761,293	3,959,492	46,995	33,767,780
Profit for the year	2,616,278			2,616,278
Dividends	(217,800)			(217,800)
Pension actuarial gain	(115,000)	-	-	(115,000)
Reduction of share capital	-	(2,166,623)	-	(2,166,623)
At 30 June 2017	32,044,771	1,792,869	46,995	33,884,635

Company

	Retained earnings £	Share premium £	Totals £
At 1 July 2016	2,066,852	28,658,387	30,725,239
Profit for the year	1,810,178		1,810,178
Dividends	(217,800)		(217,800)
Reduction of share capital	-	(2,166,623)	(2,166,623)
At 30 June 2017	3,659,230	26,491,764	30,150,994

25. NON-CONTROLLING INTERESTS

Minority interests are attributable to non group members of Harlows Kidderminster LLP.

continued...

26. EMPLOYEE BENEFIT OBLIGATIONS

The company sponsors The Harlow Bros Ltd Retirement Benefits Scheme which is a defined benefit scheme in the UK. The scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method can be expected to increase over time, as the average age of the membership increases. A full actuarial valuation was carried out at 5th April 2015 and updated to 30th June 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent actuarial valuation showed a deficit of £130,000. The company has agreed with the trustees that it will aim to eliminate the deficit over a period of 3 years from 5th April 2016 by the payment of annual contributions of £29,000 in respect of the deficit. The contribution payments increases at the rate of 3% per annum each 5th April (with the first increase on 6th April 2017). In addition and in accordance with the actuarial valuation, the company has agreed with the trustees that it will pay 24.2% of pensionable earnings in respect of the cost of accruing benefits and will meet expenses of the scheme and levies to the Pension Protection Fund. Members are not required to contribute to the scheme.

The assets of the scheme have been valued using a discounted cash-flow approach using the same assumptions as are used to value the liabilities. This is the same approach as adopted last year. The liabilities of the scheme have been calculated using the following principal actuarial assumptions.

The mortality assumptions adopted at 30 June 2016 imply the following life expectancies :

Male retiring at age 65 in 2016	22.7 years
Female retiring at age 65 in 2016	24.8 years
Male retiring at age 65 in 2036	24.9 years
Female retiring at age 65 in 2036	27.1 years

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	30.6.17	30.6.16
	£	£
Present value of funded obligations	(1,794,000)	(1,544,000)
Fair value of plan assets	1,505,000	1,459,000
	(289,000)	(85,000)
Present value of unfunded obligations	-	-
Deficit	(289,000)	(85,000)
Deferred tax asset	57,800	17,000
Net liability	(231,200)	(68,000)

continued...

26. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	30.6.17	30.6.16
	£	£
Current service cost	85,000	107,000
Net interest from net defined benefit asset/liability	4,000	(4,000)
Past service cost	-	-
	89,000	103,000
Actual return on plan assets	103,000	62,000

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	30.6.17	30.6.16
	£	£
Opening defined benefit obligation	1,544,000	1,278,000
Current service cost	85,000	107,000
Interest cost	50,000	49,000
Actuarial losses/(gains)	172,000	202,000
Benefits paid	(57,000)	(92,000)
	1,794,000	1,544,000

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	30.6.17	30.6.16
	£	£
Opening fair value of scheme assets	1,459,000	1,400,000
Contributions by employer	-	89,000
Expected return	46,000	53,000
Actuarial gains/(losses)	57,000	9,000
Benefits paid	(57,000)	(92,000)
	1,505,000	1,459,000

continued...

26. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	30.6.17	30.6.16
	£	£
Actual return less expected return on pension assets	57,000	9,000
Experience gains and losses arising on the scheme liabilities	(18,000)	(56,000)
	39,000	(47,000)

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	30.6.17	30.6.16
	£	£
Cash	389,000	527,000
Alternatives	1,116,000	932,000
	1,505,000	1,459,000

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	30.6.17	30.6.16
Discount rate	2.70%	3.20%
Future salary increases	4.30%	4.10%
Future pension increases	2.50%	2.50%
Allow for revalue of deferred	2.40%	2.20%
Inflation	3.30%	3.10%

27. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

Directors' current accounts included in Creditors above represent monies loaned to the company by the directors'. These loans are interest free to the company and are repayable in full on demand.

28. **RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

continued...

29. ULTIMATE CONTROLLING PARTY

The company is controlled by the Harlow family, including the directors as stated in the directors' report. No one individual member of the family has control of the Company.