
Registration number: 00885485

John Sinclair (Sheffield) Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 30 June 2018



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John Sinclair (Sheffield) Limited

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John Sinclair (Sheffield) Limited

Company Information

Directors C J Sinclair
J M Sinclair
J C L Sparre

Company secretary R E Dodd

Registered office 266 Glossop Road
Sheffield
South Yorkshire
S10 2HS

Auditors Hawsons Chartered Accountants
Statutory Auditor
Pegasus House
463a Glossop Road
Sheffield
South Yorkshire
S10 2QD

Bankers Barclays Bank PLC
PO Box 13
Ten Pound Walk
Doncaster
DN4 5HX

John Sinclair (Sheffield) Limited

Strategic Report for the Year Ended 30 June 2018

The directors present their strategic report for the year ended 30 June 2018.

Fair review of the business

At the balance sheet date, the net assets of the group totalled £9,401,988 (2017 - £8,948,228). The financial performance of the group is set out in the financial statements. The directors do not recommend the payment of a final dividend.

The group relies on its long standing relationships with key manufacturers and suppliers, its levels of service and the appeal of its presentation and store location for its survival and success. This inevitably exposes the business to some risk.

High street retail continues to be difficult in 2017-18, with the move to on-line spending and uncertainty over Brexit being key contributing factors. Trading conditions have, therefore, been challenging, but the company has been able to gain market share, even as the overall market for housewares decreases, with competitors going out of business. Margins have also come under pressure as suppliers have been impacted by negative currency fluctuations. Price increases have had to be partially absorbed by the company to continue to allow the business to remain competitive. However, there have been opportunities to bulk purchase, allowing special offers to promote extra sales. The directors remain optimistic for the future following some market repositioning and cost reductions. John Sinclair (Sheffield) Limited is in good shape to withstand any protracted downturn but yet in a position to take advantage of any opportunities in the local and worldwide markets.

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for the reader of the accounts to gain an understanding of the development, performance or position of the business. General indicators are turnover and profitability which are closely monitored by the directors

Principal risks and uncertainties

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and fluctuations in interest rates. The group's principal financial instruments comprise bank balances, trade debtors, trade creditors and loans to the business. The main purpose of these instruments is to finance the group's operations.


In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the group's cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from financial institutions and periodic loans from directors. The interest rate and monthly repayments on the loans from financial institutions are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

Approved by the Board on 07.01.19 and signed on its behalf by:



R E Dodd
Company secretary

John Sinclair (Sheffield) Limited

Directors' Report for the Year Ended 30 June 2018

The directors present their report and the audited consolidated financial statements for the year ended 30 June 2018.

Directors of the group

The directors who held office during the year were as follows:

C J Sinclair

J M Sinclair

J C L Sparre

Principal activity

The principal activity of the parent company, John Sinclair (Sheffield) Limited, continues to be that of merchanting china, glassware and kitchenware, accessories and jewellery, including antiques and exclusive branded products.

Other companies in the group continue to be engaged in the merchanting of high quality china and glass products and property development and investment (through Neaversons Limited) and also in deriving income and gains from property (through Aveley Limited).

Disclosure of information to the auditors

The directors of the company who held office at the date of the approval of this Annual Report as set out above each confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

The auditors Hawsons Chartered Accountants are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 07.01.19 and signed on its behalf by:



R E Dodd
Company secretary

John Sinclair (Sheffield) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

John Sinclair (Sheffield) Limited

Independent Auditor's Report to the Members of

John Sinclair (Sheffield) Limited

Opinion

We have audited the financial statements of John Sinclair (Sheffield) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Balance Sheet, the Consolidated Statement of Changes in Equity, the Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2018 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 Auditor's 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 or the parent company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

John Sinclair (Sheffield) Limited

Independent Auditor's Report to the Members of

John Sinclair (Sheffield) Limited (continued)

Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 4, 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 is 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.

Auditor's 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 an auditor's report 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

John Sinclair (Sheffield) Limited

Independent Auditor's Report to the Members of

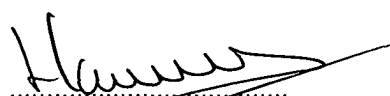
John Sinclair (Sheffield) Limited (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Hill (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
South Yorkshire
S10 2QD

Date: 14/1/19

John Sinclair (Sheffield) Limited

Consolidated Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Note	2018 £	2017 £
Turnover	2	7,191,392	6,706,015
Cost of sales		<u>(5,511,578)</u>	<u>(4,924,559)</u>
Gross profit		1,679,814	1,781,456
Distribution costs		(6,691)	(12,329)
Administrative expenses		(1,687,439)	(1,743,572)
Other operating income	3	<u>606,302</u>	<u>602,647</u>
Operating profit	4	591,986	628,202
Revaluation of investment properties		-	170,500
Impairment of assets under construction		-	(88,875)
Other interest receivable and similar income		214	2
Interest payable and similar charges	7	<u>(22,723)</u>	<u>(31,598)</u>
Profit before tax		569,477	678,231
Taxation	8	<u>(99,525)</u>	<u>(121,700)</u>
Profit for the financial year		<u>469,952</u>	<u>556,531</u>
Total comprehensive income for the financial year		<u>469,952</u>	<u>556,531</u>
Profit attributable to:			
Owners of the company		<u>469,952</u>	<u>556,531</u>
Total comprehensive income attributable to:			
Owners of the company		<u>469,952</u>	<u>556,531</u>

The above results were derived from continuing operations.

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented as part of these Financial Statements.

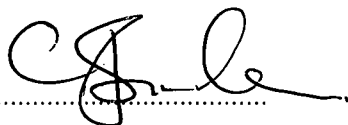
John Sinclair (Sheffield) Limited

(Registration number: 00885485)

Consolidated Balance Sheet as at 30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	1,785,991	2,063,342
Investment property	10	<u>8,163,018</u>	<u>7,770,842</u>
		<u>9,949,009</u>	<u>9,834,184</u>
Current assets			
Stocks	12	847,771	977,198
Debtors	13	864,257	835,819
Cash at bank and in hand		<u>351,562</u>	<u>41,778</u>
		2,063,590	1,854,795
Creditors: Amounts falling due within one year	15	<u>(1,190,728)</u>	<u>(1,192,645)</u>
Net current assets		<u>872,862</u>	<u>662,150</u>
Total assets less current liabilities		10,821,871	10,496,334
Creditors: Amounts falling due after more than one year	15	(1,391,183)	(1,516,706)
Provisions for liabilities	16	<u>(28,700)</u>	<u>(31,400)</u>
Net assets		<u>9,401,988</u>	<u>8,948,228</u>
Capital and reserves			
Called up share capital	18	320,000	320,000
Revaluation reserve		778,555	778,555
Other reserves		1,194,000	1,194,000
Profit and loss account		<u>7,109,433</u>	<u>6,655,673</u>
Equity attributable to owners of the company		<u>9,401,988</u>	<u>8,948,228</u>
Total equity		<u>9,401,988</u>	<u>8,948,228</u>

These financial statements were approved and authorised for issue by the Board on 07.01.19 and signed on its behalf by:



C J Sinclair

Director

The notes on pages 14 to 29 form an integral part of these financial statements.

John Sinclair (Sheffield) Limited

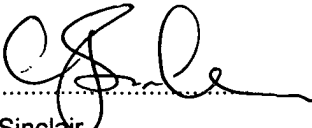
(Registration number: 00885485)

Balance Sheet as at 30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	1,255,385	1,268,202
Investment property	10	2,160,000	2,160,000
Investments	11	<u>230,456</u>	<u>230,456</u>
		<u>3,645,841</u>	<u>3,658,658</u>
Current assets			
Stocks	12	347,735	350,552
Debtors	13	4,112,659	3,996,419
Cash at bank and in hand		<u>341,934</u>	<u>41,778</u>
		4,802,328	4,388,749
Creditors: Amounts falling due within one year	15	<u>(780,353)</u>	<u>(579,748)</u>
Net current assets		<u>4,021,975</u>	<u>3,809,001</u>
Total assets less current liabilities		7,667,816	7,467,659
Creditors: Amounts falling due after more than one year	15	(1,329,665)	(1,203,211)
Provisions for liabilities	16	<u>(108,000)</u>	<u>(117,179)</u>
Net assets		<u>6,230,151</u>	<u>6,147,269</u>
Capital and reserves			
Called up share capital	18	320,000	320,000
Revaluation reserve		575,223	572,024
Other reserves		1,129,532	1,123,251
Profit and loss account		<u>4,205,396</u>	<u>4,131,994</u>
Total equity		<u>6,230,151</u>	<u>6,147,269</u>

The company made a profit after tax for the financial year of £99,074 (2017 - profit of £146,307).

These financial statements were approved and authorised for issue by the Board on 07.01.19. and signed on its behalf by:


.....
C J Sinclair
Director

John Sinclair (Sheffield) Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2018

Equity attributable to the parent company

	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 July 2017	320,000	778,555	1,194,000	6,655,673
Profit for the year	-	-	-	469,952
Total comprehensive income	-	-	-	469,952
Dividends	-	-	-	(16,192)
At 30 June 2018	320,000	778,555	1,194,000	7,109,433

	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 July 2016	320,000	608,055	1,194,000	6,285,834
Profit for the year	-	-	-	556,531
Total comprehensive income	-	-	-	556,531
Transfers	-	170,500	-	(170,500)
Dividends	-	-	-	(16,192)
At 30 June 2017	320,000	778,555	1,194,000	6,655,673

The notes on pages 14 to 29 form an integral part of these financial statements.

John Sinclair (Sheffield) Limited

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 July 2017	320,000	572,024	1,123,251	4,131,994
Profit for the year	-	-	-	99,074
Total comprehensive income	-	-	-	99,074
Transfers	-	3,199	6,281	(9,480)
Dividends	-	-	-	(16,192)
At 30 June 2018	320,000	575,223	1,129,532	4,205,396

	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 July 2016	320,000	559,692	1,099,035	4,038,427
Profit for the year	-	-	-	146,307
Total comprehensive income	-	-	-	146,307
Transfers	-	12,332	24,216	(36,548)
Dividends	-	-	-	(16,192)
At 30 June 2017	320,000	572,024	1,123,251	4,131,994

The notes on pages 14 to 29 form an integral part of these financial statements.

John Sinclair (Sheffield) Limited
Consolidated Statement of Cash Flows
for the Year Ended 30 June 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the year	469,952	556,531
Finance income	(214)	(2)
Finance costs	22,723	31,598
Revaluations and impairments	-	(81,625)
Income tax expense	99,525	121,700
	<u>591,986</u>	<u>628,202</u>
Operating profit	591,986	628,202
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	47,374	62,154
Profit on disposal of property plant and equipment	(2,500)	-
	<u>636,860</u>	<u>690,356</u>
Working capital movements		
Decrease in inventories	129,427	37,190
Increase in trade and other receivables	(28,438)	(10,995)
Increase/(decrease) in trade and other payables	290,007	(49,403)
	<u>1,027,856</u>	<u>667,148</u>
Cash generated from operations	1,027,856	667,148
Income taxes paid	(121,104)	-
Net cash flow from operating activities	<u>906,752</u>	<u>667,148</u>
Cash flows from investing activities		
Interest received	214	2
Acquisitions of property plant and equipment	(162,199)	(508,534)
Proceeds from sale of property plant and equipment	2,500	-
	<u>(159,485)</u>	<u>(508,532)</u>
Net cash flows from investing activities	(159,485)	(508,532)
Cash flows from financing activities		
Interest paid	(22,723)	(31,598)
Repayment of bank borrowing	(125,523)	(134,767)
Dividends paid	(16,192)	(16,192)
	<u>(164,438)</u>	<u>(182,557)</u>
Net cash flows from financing activities	(164,438)	(182,557)
Net increase/(decrease) in cash and cash equivalents	582,829	(23,941)
Cash and cash equivalents at 1 July	(231,267)	(207,326)
Cash and cash equivalents at 30 June	<u>351,562</u>	<u>(231,267)</u>

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

1 Accounting policies

General information

John Sinclair (Sheffield) Limited is a private company, limited by shares, domiciled in England and Wales, company number 00885485. The registered office is at 266 Glossop Road, Sheffield, South Yorkshire, S10 2HS.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. There have been no material departures from that standard.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The presentation currency is United Kingdom pounds sterling.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2018.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account includes the results of subsidiaries from the date of acquisition to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Going concern

After due consideration of all relevant factors, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements: -

The group has entered into leases as a lessee to obtain the use of property, plant and equipment. The classification of such leases as operating or finance leases requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

1 Accounting policies (continued)

Key sources of estimation uncertainty

The annual depreciation charge in relation to tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets concerned. The useful economic lives and residual values are re-assessed periodically. The carrying amounts for property, plant and equipment are shown in note 10 and depreciation rates are noted within the accounting policies.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's and the group's activities. Turnover is shown net of value added tax, returns, rebates and discounts. Income is recognised when goods and services have been delivered to the customer such that risks and rewards of ownership have transferred to them.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise required by FRS102. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than freehold land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	Straight line over 50 years
Leasehold properties	Straight line over the period of the lease
Plant and machinery	20% and 33.3% straight line
Fixtures and fittings	20% straight line
Motor vehicles	25% straight line

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

1 Accounting policies (continued)

Investment property

Certain of the company's and group's properties are held for long-term investment. Investment properties are accounted for as follows:

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.

Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account for the period and accumulated in the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the period and retained in the accumulated reserve.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

Investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Defined contribution pension obligation

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the statement of comprehensive income.

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

2 Revenue

The analysis of the group's turnover for the year by market is as follows:

	2018 £	2017 £
Sales - UK	4,639,267	4,315,831
Sales - Rest of the World	2,552,125	2,390,184
	<u>7,191,392</u>	<u>6,706,015</u>

The group turnover is wholly derived from the principal retail activities.

3 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2018 £	2017 £
Rent receivable	569,130	558,843
Management charges receivable	37,172	43,804
	<u>606,302</u>	<u>602,647</u>

4 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	47,374	62,154
Foreign exchange losses/(gains)	4,261	(11,416)
Operating lease expense - property	83,645	92,000
Auditors' remuneration	10,340	10,000
Profit on disposal of property, plant and equipment	<u>(2,500)</u>	<u>-</u>

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	687,024	670,518
Social security costs	44,041	39,048
Pension costs, defined contribution scheme	86,356	6,422
	<u>817,421</u>	<u>715,988</u>

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

5 Staff costs (continued)

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Retail and office staff	47	49
Management	3	3
	<u>50</u>	<u>52</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	72,050	71,606
Contributions paid to money purchase schemes	40,000	-
	<u>112,050</u>	<u>71,606</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>-</u>

7 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and borrowings	<u>22,723</u>	<u>31,598</u>

8 Taxation

Tax charged/(credited) in the income statement:

	2018 £	2017 £
Current taxation		
UK corporation tax	107,920	126,800
UK corporation tax adjustment to prior periods	<u>(5,696)</u>	<u>-</u>
	102,224	126,800
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(2,699)</u>	<u>(5,100)</u>
	<u>99,525</u>	<u>121,700</u>

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

8 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.75%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	569,477	678,231
Corporation tax at standard rate	108,201	133,951
Decrease from effect of different UK tax rates on some earnings	(297)	-
Expenses not deductible for tax purposes	237	72
Deferred tax credit relating to changes in tax rates or laws	(3,117)	-
Decrease in respect to prior periods	(5,696)	-
Accelerated capital allowances	197	3,799
Effect of revaluations and impairment of fixed assets	-	(16,122)
Total tax charge	99,525	121,700

Deferred tax

Group

Deferred tax assets and liabilities

2018

Accelerated capital allowances

Liability
£

(28,700)

2017

Accelerated capital allowances

Liability
£

(31,400)

Company

Deferred tax assets and liabilities

2018

Accelerated capital allowances
Revaluation of property, plant and equipment
Revaluation of investment property

Liability
£

(10,700)
(32,832)
(64,468)
(108,000)

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

8 Taxation (continued)

	Liability £
2017	
Accelerated capital allowances	(10,400)
Revaluation of property, plant and equipment	(36,030)
Revaluation of investment property	(70,749)
	<u>(117,179)</u>

Factors that may affect future tax charges

UK corporation tax is currently charged at a rate of 19% and this will reduce to 17% from 1 April 2020 as enacted under the 2016 Finance Act.

Accordingly these rates have been applied in the measurements of the tax assets and liabilities as at 30 June 2018. Deferred tax has been provided at 17% being the rate at which timing differences are expected to reverse.

9 Intangible assets

Group

	Goodwill £
Cost or valuation	
At 1 July 2017	<u>107,174</u>
At 30 June 2018	<u>107,174</u>
Amortisation	
At 1 July 2017	<u>107,174</u>
At 30 June 2018	<u>107,174</u>
Carrying amount	
At 30 June 2018	<u>-</u>
At 30 June 2017	<u>-</u>

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

9 Intangible assets (continued)

Company

	Goodwill £
Cost or valuation	
At 1 July 2017	<u>10,231</u>
At 30 June 2018	<u>10,231</u>
Amortisation	
At 1 July 2017	<u>10,231</u>
At 30 June 2018	<u>10,231</u>
Carrying amount	
At 30 June 2018	<u>-</u>
At 30 June 2017	<u>-</u>

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

10 Tangible assets

Group

	Freehold land and buildings £	Investment properties £	Furniture, fittings and equipment £	Motor vehicles £	Assets under construction £	Plant and machinery £	Total £
Cost or valuation							
At 1 July 2017	1,385,358	8,944,976	723,141	61,639	868,456	143,046	12,126,616
Additions	-	-	4,201	25,000	130,532	2,466	162,199
Disposals	-	-	-	(14,150)	-	-	(14,150)
Transfers	-	481,051	-	-	(481,051)	-	-
At 30 June 2018	1,385,358	9,426,027	727,342	72,489	517,937	145,512	12,274,665
Depreciation							
At 1 July 2017	203,443	1,174,134	643,899	51,804	88,875	130,277	2,292,432
Charge for the year	13,431	-	19,754	7,635	-	6,554	47,374
Eliminated on disposal	-	-	-	(14,150)	-	-	(14,150)
Transfers	-	88,875	-	-	(88,875)	-	-
At 30 June 2018	216,874	1,263,009	663,653	45,289	-	136,831	2,325,656
Carrying amount							
At 30 June 2018	1,168,484	8,163,018	63,689	27,200	517,937	8,681	9,949,009
At 30 June 2017	1,181,915	7,770,842	79,242	9,835	779,581	12,769	9,834,184

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

10 Tangible assets (continued)

Company

	Freehold land and buildings £	Investment properties £	Furniture, fittings and equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation						
At 1 July 2017	1,385,358	2,160,000	678,590	61,639	130,883	4,416,470
Additions	-	-	599	25,000	1,354	26,953
Disposals	-	-	-	(14,150)	-	(14,150)
At 30 June 2018	<u>1,385,358</u>	<u>2,160,000</u>	<u>679,189</u>	<u>72,489</u>	<u>132,237</u>	<u>4,429,273</u>
Depreciation						
At 1 July 2017	203,443	-	611,836	51,804	121,185	988,268
Charge for the year	13,431	-	13,991	7,635	4,713	39,770
Eliminated on disposal	-	-	-	(14,150)	-	(14,150)
At 30 June 2018	<u>216,874</u>	<u>-</u>	<u>625,827</u>	<u>45,289</u>	<u>125,898</u>	<u>1,013,888</u>
Carrying amount						
At 30 June 2018	<u>1,168,484</u>	<u>2,160,000</u>	<u>53,362</u>	<u>27,200</u>	<u>6,339</u>	<u>3,415,385</u>
At 30 June 2017	<u>1,181,915</u>	<u>2,160,000</u>	<u>66,754</u>	<u>9,835</u>	<u>9,698</u>	<u>3,428,202</u>

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

10 Tangible assets (continued)

Investment properties

Investment properties are carried at fair value. The fair value of investment properties is subject to annual review by Mr C J Sinclair, a director of the company, taking into account advice from external valuers and after consideration of prevailing market conditions.

Revaluations

The freehold land and buildings class of fixed assets was revalued on 1 July 2014 by Mr C J Sinclair, a director of the company and the group, following advice from external valuation specialists. Historical cost records are unavailable to record the carrying amount that would have been included in the financial statements had the asset class been carried at historical cost less depreciation.

The last full valuation of freehold land and buildings was carried out on 1 July 2014.

The company and the group has applied the transitional arrangements of Section 35 of FRS 102 and used the previous revaluation as deemed cost for freehold land and buildings. The properties are being depreciated from the valuation date. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

11 Investments

Company

	2018 £	2017 £
Investments in subsidiaries	<u>230,456</u>	<u>230,456</u>

Subsidiaries

£

Cost or valuation

At 1 July 2017 and at 30 June 2018	<u>230,456</u>
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Carrying amount

At 30 June 2018	<u>230,456</u>
At 30 June 2017	<u>230,456</u>

The company owns 100% of the issued ordinary share capital of Neaversons Limited, a company registered in England and Wales with a registered office address of 3 Regent Street, Sheffield, South Yorkshire, S1 4DA. The principal activities of Neaversons Limited are the sale of quality china and glassware, and property development.

The company owns 100% of the issued ordinary share capital of Aveley Limited, a company registered in England and Wales with a registered office address of 266 Glossop Road, Sheffield, South Yorkshire, S10 2HS. The principal activity of Aveley Limited is property development.

The above subsidiaries are included within the consolidated accounts.

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

12 Stocks

	2018 £	Group 2017 £	2018 £	Company 2017 £
Stock	<u>847,771</u>	<u>977,198</u>	<u>347,735</u>	<u>350,552</u>

13 Debtors

	2018 £	Group 2017 £	2018 £	Company 2017 £
Trade debtors	472,857	516,085	40,906	87,148
Amounts owed by group undertakings	-	-	3,784,782	3,638,939
Other debtors	55,527	5,817	-	-
Prepayments and accrued income	<u>335,873</u>	<u>313,917</u>	<u>286,971</u>	<u>270,332</u>
	<u>864,257</u>	<u>835,819</u>	<u>4,112,659</u>	<u>3,996,419</u>

Details of non-current trade and other debtors

Company

£3,784,782 (2017 - £3,638,939) of amounts owed by group undertakings is classified as non current.

14 Cash and cash equivalents

	2018 £	Group 2017 £	2018 £	Company 2017 £
Cash on hand	5,208	5,884	5,208	5,884
Cash at bank	<u>346,354</u>	<u>35,894</u>	<u>336,726</u>	<u>35,894</u>
	351,562	41,778	341,934	41,778
Bank overdrafts	<u>-</u>	<u>(273,045)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>351,562</u>	<u>(231,267)</u>	<u>341,934</u>	<u>41,778</u>

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

15 Creditors

	2018 £	Group 2017 £	2018 £	Company 2017 £
Due within one year				
Bank loans and overdrafts	125,523	398,568	-	-
Trade creditors	686,988	352,038	571,530	315,137
Corporation tax	107,920	126,800	22,550	36,200
Social security and other taxes	116,601	151,053	115,729	176,103
Other creditors	6,027	1,952	1,026	1,952
Directors' current accounts	4,926	6,093	4,926	6,093
Accruals and deferred income	142,743	156,141	64,592	44,263
	<u>1,190,728</u>	<u>1,192,645</u>	<u>780,353</u>	<u>579,748</u>
Due after one year				
Bank loans and overdrafts	1,391,183	1,516,706	-	-
Amounts owed to group undertakings	-	-	1,329,665	1,203,211
	<u>1,391,183</u>	<u>1,516,706</u>	<u>1,329,665</u>	<u>1,203,211</u>

Bank loans and overdrafts owing by the company and the group are secured by charges over group properties and by various cross guarantees from the companies within the group. Loans are repayable on a monthly basis with an element of the instalments falling due after more than five years. Interest is charged at a rate of 0.95% over Barclays Bank plc base rate and 0.95% over LIBOR for each of the differing loan arrangements.

Group

Included in bank loans and overdrafts are the following amounts due after more than five years:

	2018 £	2017 £
After more than five years by instalments	<u>889,091</u>	<u>1,014,614</u>

16 Deferred tax and other provisions

Group

	Deferred tax £
At 1 July 2017	31,400
Provisions used	<u>(2,700)</u>
At 30 June 2018	<u>28,700</u>

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

16 Deferred tax and other provisions (continued)

Company

	Deferred tax £
At 1 July 2017	117,179
Provisions used	<u>(9,179)</u>
At 30 June 2018	<u>108,000</u>

17 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £86,356 (2017 - £6,422).

18 Share capital

Allotted, called up and fully paid shares

	No.	2018 £	No.	2017 £
Ordinary shares of £1 each	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>

The holders of the 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.

19 Dividends

Interim dividends paid

	2018 £	2017 £
Interim dividend paid of £0.05 (2017 - £0.05) per each £1 ordinary share	<u>16,192</u>	<u>16,192</u>

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	68,582	41,333
Later than one year and not later than five years	17,146	-
	<u>85,728</u>	<u>41,333</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £83,645 (2017 - £92,000).

In addition to the above rental commitments there are additional liabilities to pay rent based on a fixed percentage of turnover for certain rental outlets but these cannot be accurately quantified at the reporting date.

Operating leases - lessor

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than one year	254,942	235,461
Later than one year and not later than five years	624,256	524,148
Later than five years	302,917	337,500
	<u>1,182,115</u>	<u>1,097,109</u>

The Group holds various buildings and developments as investment properties as disclosed in note 10, which are let to third parties. There are non-cancellable leases in place over some of the properties which have remaining terms of between 3 months and 13 years.

Company

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	108,582	81,333
Later than one year and not later than five years	177,146	160,000
Later than five years	110,000	150,000
	<u>395,728</u>	<u>391,333</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £123,645 (2017 - £132,000).

In addition to the above rental commitments there are additional liabilities to pay rent based on a fixed percentage of turnover for certain rental outlets but these cannot be accurately quantified at the reporting date.

John Sinclair (Sheffield) Limited

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

20 Obligations under leases and hire purchase contracts (continued)

Operating leases - lessor

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than one year	74,167	80,000
Later than one year and not later than five years	122,500	196,667
	<u>196,667</u>	<u>276,667</u>

The company holds various buildings and developments as investment properties as disclosed in note 10, which are let to third parties. There are non-cancellable leases in place over some of the properties which have remaining terms of between 5 months and almost 3 years.

21 Related party transactions

Mr. J C L Sparre

(a director of the company)

Directors' current accounts due within one year includes a loan to the company from Mr. J C L Sparre on which no interest has been charged. At the balance sheet date the amount due to Mr. J C L Sparre was £4,926 (2017 - £6,093).

The company has taken advantage of the exemption in FRS102 from disclosing transactions with other members of the group.