

**Longdon Estates Limited**

Report and Financial Statements

Year Ended

31 December 2016

Company Number 00502673

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# Longdon Estates Limited

## Report and financial statements for the year ended 31 December 2016

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### Directors

Mrs A P Scott (Chairman)  
Mr D W Arkley, FCA  
Mrs J A Chamberlain  
Mrs S G McKibbin  
Mrs M C Rennison  
Mr J C Scott, ACA  
Mr F Tennant  
Mrs E C Wade Scott

### Secretary

J C Scott, ACA

### Registered office

Redhill Road, Hay Mills, Birmingham, B25 8EY

### Company number

00502673

### Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

# **Longdon Estates Limited**

## **Strategic report for the year ended 31 December 2016**

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### **Introduction**

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2016.

### **Principal activities**

Longdon Estates has a majority (59.2%) shareholding in the UK engineering group Carter Thermal Industries Limited. Carter Thermal Industries Limited is the parent company of a group of companies engaged in the:

- design, installation, service and maintenance of refrigeration service and engineering services;
- design, manufacture and installation of retail display and commercial refrigeration equipment;
- design, manufacture and installation of environmental engineering equipment and liquid storage tanks;

The principal activity of the company is that of a holding company.

### **Business review**

Overall Group turnover was £104,493,496 (2015 - £101,831,459) which produced an operating profit before interest, exceptional costs and taxation of £417,400 (2015 - £2,108,296). The profit after taxation and interest amounted to £277,943 (2015 loss - £923,095).

There was modest improvement in turnover as the refrigeration display business experienced an increase in activity in the second half of the year, providing greater optimism that revenues will pick up significantly in 2017.

The directors are forecasting a significant recovery in turnover for 2017 across all our businesses, as a consequence of our UK supermarket customer base having increased their capital investment programmes and our longer term overseas development plans come to fruition.

### **Future developments**

In the last two years the directors have invested in developing overseas markets and new product lines which has had an adverse impact on operating profits over this period. The benefits of these investments will have a favourable impact on 2017 trading results.

### **Business reviews for the principal business activities:**

#### **Design, installation, service and maintenance of refrigeration service and engineering services**

Carter Synergy Limited and KB Refrigeration Limited revenues experienced a small drop of 2.4% in 2016, revenues totalled £66,822,484 (2015 - £68,451,304). The decline was principally due to the continued downturn in our customers' new store capital expenditure programmes mainly affecting the contracting side of the business. The decline in sales revenues, together with strong competitive pricing pressures; rising labour and commodity costs, have adversely impacted the operating results. These business activities generated a profit before taxation of £1,701,995 (2015 - £2,736,617). The outlook for the coming year is that there will be an increase in revenue but with profitability continuing to remain flat due to pricing and cost pressures.

#### **Design, manufacture and installation of retail display and commercial refrigeration equipment**

Carter Retail Equipment Limited continued to experience difficult trading conditions in the first half of 2016 as our major retail customers had reduced their capital expenditure store development programmes back in 2015. Fortunately the second half of 2016 activity levels improved considerably which resulted in revenues improving by 13.5%. The revenue for 2016 totalled £28,514,417 (2015 - £25,116,802) however the operating result was adversely affected by the engineering development costs of expanding into overseas markets, namely the USA and Australia. The 2016 loss before taxation was very similar to the prior year at £1,443,974 (2015 loss of £1,463,892).

# **Longdon Estates Limited**

## **Strategic report**

### **for the year ended 31 December 2016 (*continued*)**

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The outlook for the coming year is for a further recovery to take place in our traditional home retail market for display cabinets and growth in overseas markets, consequently the directors see a return to profitability in the coming year. The recovery has taken longer than it was envisaged this time last year but with strong order intake in recent months the recovery and return to profitability feels to be more deliverable.

#### **Design, manufacture and installation of environment engineering equipment and liquid storage tanks**

Carter Environmental Engineers Limited and Franklin Hodge Industries Limited businesses experienced a 6% improvement in combined revenues, principally as demand picked up in the traditional markets namely water cooling towers and dust extraction systems. The revenues for 2016 was £11,121,404 (2015 - £10,471,638). The loss before tax and exceptional charges was at lower than the prior year £ 310,048 (2015 - £533,026).

As reported last year the directors of these companies undertook a detailed strategic review creating new initiatives to return these businesses to profit through the strengthening of the sales and marketing team, expanding the product offering to our customers and entering into new related markets. As a consequence, the directors are forecasting a significant increase in revenue in 2017 as the Brice Baker silo business develops and the water cooling and treatment markets are experiencing an increase in demand. The directors forecast that both these businesses will be profitable in 2017. The Group continue to provide financial support to these businesses for the foreseeable future.

#### **Principal risks and uncertainties**

##### ***Loss of customers***

The Group remains dependent upon the major UK supermarkets for the majority of its business, which remains a highly competitive market place. The Group is looking to consolidate its position in this market through improved customer service and providing quality innovative designs whilst moving into related areas and also overseas markets.

While a significant proportion of the group's business is direct with the major supermarkets the Group also deals with other contracting parties. The Group has credit insurance to cover credit failure and transacts business with overseas customers with Letters of Credit.

##### ***Credit Risk***

Credit risk is managed making appropriate enquiries of credit reference agencies and by monitoring payments against contractual obligations.

##### ***Currency risk***

The Group currently operates in the UK and certain overseas markets. As the Group expands into overseas markets it will increase its foreign currency exposure. Where the directors deem that a contract exposes the group to a material exchange risk then a foreign exchange contract is entered into to mitigate the exchange exposure. The balances receivable or payable denominated in foreign currencies at the year-end were not significant.

As many of its manufacturing competitors are based outside the UK, the group's competitive position is affected by changes in exchange rates.

##### ***Reputational Risk***

The Group is exposed to the risk that poor quality products and service may have a detrimental effect on the reputation of the Group. In order to manage this risk, the Group has robust quality control processes in place,

# Longdon Estates Limited

## Strategic report for the year ended 31 December 2016 (continued)

### **Principal risks and uncertainties (continued)**

including ISO 9001, to ensure that all products and services meet and exceed the required standards of quality and fully fit for purpose. This process is monitored by the board of directors and corrective action taken where necessary.

### **Regulatory Risk**

The group is exposed to risks arising from non-compliance and relevant laws and regulations. In order to manage this risk, the Board monitors the introduction of new legislation closely, and communicates key developments to managers and staff through internal channels. All relevant legislation is monitored on a departmental level by the relevant management staff, with robust procedure in place to report and act on non-compliance issues.

### **Pension schemes**

The group has three pension schemes with a final salary element. The net pension liability at 31 December 2016 was £4,839,092 (2015 - £3,258,200). Further details on the pensions are given in note 31 in the accounts.

### **Liquidity**

In the first half of the year the Group retained a high level of liquidity, but as activity levels picked up considerably in the second half of the year the liquidity reduced significantly due to the higher working capital demands. In addition to the increase in revenue activity, a couple of our major customers also extended their payment terms, consequently liquidity fell. At 31 December 2016 the net bank position was £1,287,792 (2015 - £9,258,827).

Net current assets at 31 December were £16,265,724 (2015 - £17,604,523). There was a decrease in shareholders' funds to £14,454,191 (2015 increase to - £15,653,963).

The directors have prepared forecasts and projections, which cover a period of more than 12 months from the date of approval of the financial statements, taking account of reasonable changes in trading performance. After making enquiries, the directors have a confidence in their expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

### **Key performance indicators**

Key performance indicators within the Group are specific to the nature of the operations of each business. This data is reported to each subsidiary Board each month.

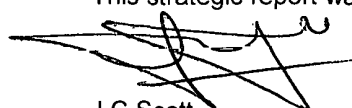
The financial key performance indicators of the Group include:

- Turnover and profitability compared to budget
- Gross margins by Company and divisions
- Order intake
- Overheads and Full Time Employees compared to budget
- Cash movements

Proactive working capital management and analysis of historic and anticipated trading patterns assist the Board in its decision making, supported by three year strategic plans. Financial reviews are undertaken at Board level to analyse and understand current and future results.

### **Approval**

This strategic report was approved on behalf of the Board on 7 September 2017



J C Scott  
Director

# Longdon Estates Limited

## Report of the directors for the year ended 31 December 2016

The directors present their directors together with the audited financial statements for the year ended 31 December 2016.

### Results and dividends

The operating profit for the year before interest, tax and exceptional items amounted to £417,400 (2015 - £2,108,296), after interest, tax and exceptional items the profit for the year was £277,943 (2015 loss - £923,095).

Interim dividend of £2.00 per share (2015 - £5.50 per share) were paid to ordinary shareholders during the year.

The consolidated statement of income is set out on page 10 and shows the results for the year.

### Directors

The directors who served during the year were:

Mrs A P Scott (Chairman)  
Mr D W Arkley, FCA  
Mrs J A Chamberlain  
Mrs S G McKibbin  
Mrs M C Rennison  
Mr J C Scott, ACA  
Mr F Tennant  
Mrs E C Wade Scott

### Financial risk management policy

The directors have reviewed the financial risk management objectives and policies of the group and, where there is significant exposure to financial risks, the group policy laid down by the parent company, Carter Thermal Industries Limited, is followed. It also does not enter into any speculative financial instruments. Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the trade relationships.

### Financial Instruments

The group's principal financial instruments comprise cash and balances with group undertakings and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risk associated with the group's financial assets and liabilities are set out below.

#### Price risk

The group does not deem the exposure to price changes in operating activity costs to be significant enough to consider any hedging activity to be necessary.

#### Credit risk

The group's credit risk is primarily attributed to its trade receivables, with exposure spread over a large number of counterparties and customers. The group aims to minimise such losses with a key focus on debtor collection in order to minimise bad debt exposure.

#### Liquidity risk

The group aims to mitigate liquidity risk by managing cash generated by its operations. Flexibility is maintained by retaining surplus cash in readily accessible bank accounts.

# **Longdon Estates Limited**

## **Report of the directors for the year ended 31 December 2016 (continued)**

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### **Employee involvement**

Employee representatives of the operating subsidiaries are informed of the economic factors affecting the performance of their company by means of regular meetings with management.

### **Disabled employees**

Full and fair consideration is given to the employment of applicants who are disabled persons, taking account of their disabilities and abilities. Employees who become temporarily or permanently disabled are retained in employment where possible with fair regard to their training needs, role and career development. All employees are fairly and equally provided opportunities for any promotion opportunities.

### **Directors responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

# Longdon Estates Limited

## Report of the directors for the year ended 31 December 2016 (*continued*)

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### Qualifying third party indemnity provisions

The company maintains liability insurance for directors and officers as permitted by section 234 of the Companies Act 2006.

### Auditors

Under section 487(2) of the Companies Act 2006, BOO LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

### On behalf of the Board

J C Scott

Director

Date: 7 September 2017



# **Longdon Estates Limited**

## **Independent auditor's report to the members of Carter Thermal Industries Limited**

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We have audited the financial statements of Longdon Estates Limited for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of cash flows, the consolidated and company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 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.

### **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 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.

# Longdon Estates Limited

## Independent auditor's report (*continued*)

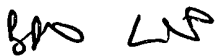
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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.



Thomas Lawton (Senior statutory auditor)  
for and on behalf of BOO LLP, Statutory auditor  
Birmingham  
United Kingdom

Date:

15 September 2011

BOO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Longdon Estates Limited

## Consolidated statement of comprehensive income for the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Turnover</b>	3	<b>104,493,496</b>	101,831,459
Change in stocks of finished goods and work in progress		(1,320,323)	1,077,153
Other operating income	4	165,629	157,726
Raw materials and consumables		(42,158,743)	(41,138,546)
Other external charges		(15,111,054)	(14,889,745)
Staff costs		(36,036,397)	(37,003,372)
Depreciation and amortisation		(2,259,262)	(2,307,253)
Other operating charges		(7,355,946)	(5,619,126)
<b>Earnings before interest, tax and exceptional items</b>		<b>417,400</b>	2,108,296
<b>Exceptional items</b>	34	-	(2,821,396)
<b>Operating profit/(loss)</b>	5	<b>417,400</b>	(713,100)
Interest receivable and similar income	9	24,636	67,145
Interest payable and expenses	10	(147,526)	(163,564)
<b>Profit/(Loss) before tax</b>		<b>294,510</b>	(809,519)
Taxation on loss on ordinary activities	11	(16,567)	(113,576)
<b>Profit/(Loss) for the year after taxation</b>		<b>277,943</b>	(923,095)
Minority interest		124,027	371,057
Profit/(Loss) for the financial year attributable to the owners of the parent company		153,916	(552,038)
Other comprehensive income:			
Actuarial (losses)/gains on defined benefit pension scheme		(2,545,000)	590,000
Tax in respect of (loss)/gain on pension scheme		420,712	(178,055)
Gain on revaluation of properties	15,17	-	3,206,262
Tax in respect of revaluation on properties		-	-
<b>Other comprehensive income for the year</b>	31	<b>(2,124,288)</b>	3,618,207
Minority interest		866,600	(1,476,045)
<b>Total comprehensive (loss) / income for the year attributable to owners of the parent company</b>		<b>(1,103,772)</b>	1,590,124

All amounts related to continuing activities.

The notes on pages 18 to 49 form part of these financial statements.

# Longdon Estates Limited

## Consolidated statement of financial position as at 31 December 2016

<b>Company number 00402454</b>	<b>Note</b>	<b>2016 £</b>	<b>2016 £</b>	<b>2015 £</b>	<b>2015 £</b>
<b>Fixed assets</b>					
Intangible assets	14		318,799		481,195
Tangible assets	15		14,653,101		14,140,578
Investments	16		2,594		2,594
Investment property	17		170,000		170,000
			<b>15,144,494</b>		<b>14,794,367</b>
<b>Current assets</b>					
Stocks	18	6,595,295		6,531,348	
Debtors	19	33,651,413		22,064,423	
Cash at bank and in hand	20	1,287,792		9,258,824	
		<b>41,534,500</b>		<b>37,854,595</b>	
<b>Creditors: amounts falling due within one year</b>	21	<b>(25,268,766)</b>		<b>(20,250,072)</b>	
<b>Net current assets</b>			<b>16,265,724</b>		<b>17,604,523</b>
<b>Total assets less current liabilities</b>			<b>31,410,218</b>		<b>32,398,890</b>
<b>Creditors: amounts falling due after more than one year</b>	22		<b>(2,422,821)</b>		<b>(2,924,539)</b>
<b>Provisions for liabilities</b>					
Other provisions	26		(79,200)		(125,909)
<b>Net assets excluding pension liability</b>			<b>28,908,197</b>		<b>29,348,442</b>
Pension liability	31		(4,839,092)		(3,258,200)
<b>Net assets</b>			<b>24,069,105</b>		<b>26,090,242</b>
<b>Capital and reserves</b>					
Called up share capital	27		48,000		48,000
Share premium account	28		17,324		17,324
Capital redemption reserve	28		856,800		856,800
Profit and loss account	28		13,532,067		14,731,839
<b>Shareholders' funds</b>			<b>14,454,191</b>		<b>15,653,963</b>
Minority interest			9,614,914		10,436,279
			<b>24,069,105</b>		<b>26,090,242</b>

The financial statements were approved by the Board of Directors and authorised for issue on 7 September 2017

J C Scott  
Director

The notes on pages 18 to 49 form part of these financial statements.

# Longdon Estates Limited

## Consolidated statement of cash flows for the year ended 31 December 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
<b>Profit / (Loss) for the year</b>	<b>277,943</b>	<b>(923,095)</b>
Adjustments for:		
Depreciation and amortisation of fixed assets	2,259,262	2,307,253
Profit on sale of fixed assets	(165,629)	(157,395)
Net interest payable	122,890	96,419
Taxation	16,567	113,576
(Increase) / decrease in trade and other debtors	(11,277,977)	3,107,885
(Increase) in stocks	(63,947)	(39,548)
Decrease / (increase) in creditors	3,976,986	(150,730)
(Decrease) in provisions (including pension)	(899,118)	(922,776)
<b>Cash from operations</b>	<b>(5,753,023)</b>	<b>3,431,589</b>
Interest paid	(43,526)	(26,564)
Taxation paid	-	(364,350)
<b>Net cash generated from operating activities</b>	<b>(5,796,549)</b>	<b>3,040,675</b>
<b>Cash from investing activities</b>		
Purchase of tangible fixed assets	(2,049,537)	(1,851,142)
Sale of tangible fixed assets	251,730	200,707
Interest received	24,636	67,145
<b>Net cash from investing activities</b>	<b>(1,773,171)</b>	<b>(1,583,290)</b>
<b>Cash from financing activities</b>		
Net repayment of finance leases	(226,520)	(49,101)
Dividends paid	(174,792)	(500,376)
<b>Net cash used in financing activities</b>	<b>(401,312)</b>	<b>(549,477)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(7,971,032)</b>	<b>907,908</b>
Cash and cash equivalents at beginning of year	9,258,824	8,350,916
<b>Cash and cash equivalents at the end of year</b>	<b>1,287,792</b>	<b>9,258,824</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,287,792	9,258,824

The notes on pages 18 to 49 form part of these financial statements.

## Longdon Estates Limited

### Consolidated statement of changes in equity for the year ended 31 December 2016

	Share capital £	Share premium £	Redemption reserve £	Retained earnings £	Equity Attributable to Owners £	Minority Interest £	Total equity £
<b>At 1 January 2016</b>	48,000	856,800	17,324	14,731,839	15,653,963	10,436,279	26,090,242
<b>Comprehensive income for the year:</b>							
Profit for the year	-	-	-	153,916	153,916	124,027	277,943
<b>Other comprehensive income for the year:</b>							
Actuarial loss on pension scheme	-	-	-	(1,506,771)	(1,506,771)	(1,038,229)	(2,545,000)
Deferred tax in respect of pension	-	-	-	249,083	249,083	171,629	420,712
<b>Other comprehensive income for the year</b>	-	-	-	(1,257,688)	(1,257,688)	(866,600)	(2,124,288)
<b>Total comprehensive income for the year</b>	-	-	-	(1,103,772)	(1,103,772)	(742,573)	(1,846,345)
<b>Distributions to owners:</b>							
Dividends: Equity capital	-	-	-	(96,000)	(96,000)	(78,792)	(174,792)
<b>At 31 December 2016</b>	<b>48,000</b>	<b>856,800</b>	<b>17,324</b>	<b>13,532,067</b>	<b>14,454,191</b>	<b>9,614,914</b>	<b>24,069,105</b>

The notes on pages 18 to 49 form part of these financial statements.

## Longdon Estates Limited

### Consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital	Share premium	Redemption reserve	Retained earnings	Equity attributable to Owners	Minority interest	Total equity
	£	£	£	£	£	£	£
<b>At 1 January 2015</b>	48,000	856,800	17,324	13,405,715	14,327,839	9,567,671	23,895,510
<b>Comprehensive income for the year:</b>							
Loss for the year	-	-	-	(552,038)	(552,038)	(371,057)	(923,095)
<b>Other comprehensive income for the year:</b>							
Actuarial loss on pension scheme	-	-	-	349,308	349,308	240,692	590,000
Deferred tax in respect of pension	-	-	-	(105,418)	(105,418)	(72,637)	(178,055)
Gains on revaluation of properties	-	-	-	1,898,272	1,898,272	1,307,990	3,206,262
<b>Other comprehensive income for the year</b>	-	-	-	2,142,162	2,142,162	1,476,045	3,618,207
<b>Total comprehensive income for the year</b>	-	-	-	1,590,124	1,590,124	1,104,988	2,695,112
<b>Distributions to owners:</b>							
Dividends: Equity capital	-	-	-	(264,000)	(264,000)	(236,376)	(500,376)
<b>At 31 December 2015</b>	<b>48,000</b>	<b>856,800</b>	<b>17,324</b>	<b>14,731,839</b>	<b>15,653,963</b>	<b>10,436,283</b>	<b>26,090,246</b>

The notes on pages 18 to 49 form part of these financial statements.

# Longdon Estates Limited

## Company statement of financial position as at 31 December 2016

<b>Company number 00402454</b>	<b>Note</b>	<b>2016 £</b>	<b>2016 £</b>	<b>2015 £</b>	<b>2015 £</b>
<b>Fixed assets</b>					
Fixed asset investments	15		13,954,028		15,146,067
<b>Current assets</b>					
Debtors	19	58,074		59,614	
Cash at bank and in hand	20	486,816		493,007	
		544,890		552,621	
<b>Creditors: amounts falling due within one year</b>	21	(44,722)		(44,722)	
<b>Net current assets</b>			500,168		507,899
<b>Total assets less current liabilities</b>			14,454,196		15,653,966
<b>Net assets</b>			14,454,196		15,653,966
<b>Capital and reserves</b>					
Called up share capital	27	48,000		48,000	
Revaluation reserve		13,897,898		15,089,937	
Capital redemption reserve		1,000		1,000	
Profit and loss account		507,298		515,029	
<b>Equity attributable to owners of the parent company</b>			14,454,196		15,653,966

Parent company profit after tax for the year was £88,268 (2015: £329,523).

The financial statements were approved by the Board of Directors and authorised for issue on 7 September 2017

J C Scott  
Director

The notes on pages 18 to 49 form part of these financial statements.



## Longdon Estates Limited

### Company statement of changes in equity for the year ended 31 December 2016

	Share capital £	Redemption reserve £	Revaluation reserve £	Retained earnings £	Total equity £
<b>At 1 January 2016</b>	48,000	1,000	15,089,937	515,029	15,653,966
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	88,269	88,269
<b>Other comprehensive income for the year</b>					
Revaluation of investment	-	-	(1,192,039)	-	(1,192,039)
<b>Total comprehensive income for the year</b>	-	-	(1,192,039)	88,269	(1,103,770)
<b>Distributions to owners</b>					
Dividends: Equity capital	-	-	-	(96,000)	(96,000)
<b>At 31 December 2016</b>	<b>48,000</b>	<b>1,000</b>	<b>13,897,898</b>	<b>507,298</b>	<b>14,454,196</b>

The notes on pages 18 to 49 form part of these financial statements.

# Longdon Estates Limited

## Company statement of changes in equity for the year ended 31 December 2015

	Share capital £	Redemption reserve £	Revaluation reserve £	Retained earnings £	Total equity £
<b>At 1 January 2015</b>	48,000	1,000	13,829,333	449,506	14,327,839
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	329,523	329,523
<b>Other comprehensive income for the year</b>					
Revaluation of investment	-	-	1,260,604	-	1,260,604
<b>Total comprehensive income for the year</b>	-	-	1,260,604	329,523	1,590,127
<b>Distributions to owners</b>					
Dividends: Equity capital	-	-	-	(264,000)	(264,000)
<b>At 31 December 2015</b>	48,000	1,000	15,089,937	515,029	15,653,966

The notes on pages 18 to 49 form part of these financial statements.

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016

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### 1 Accounting policies

#### 1.1 Basis of preparation of financial statements

Longdon Estates Limited is a private company limited by share capital and incorporated in England and Wales under the Companies Act. The address of the registered office and registered company number is given on the contents page and the nature of the company's operations and its principal activity is set out in the strategic report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

#### Parent company disclosure exemptions:

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The following principal accounting policies have been applied:

#### 1.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

#### 1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

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### 1 Accounting policies (*continued*)

#### 1.3 Turnover (*continued*)

##### Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 1.4 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income Statement over its useful economic life.

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

### 1 Accounting policies (*continued*)

#### 1.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Freehold property	-	50 years
Long-term leasehold property	-	50-75 years (life of the lease)
Plant and machinery	-	5-10 years
Motor vehicles	-	4 years
Fixtures and fittings	-	3-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated Statement of Comprehensive Income.

#### 1.6 Investment property

Investment property is carried at fair value as determined by the directors as at 31st December 2015, in consultation with an external valuer. This valuation was derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. The directors consider that there has been no material change in their valuation in the last twelve months, which is in line with updated external valuations obtained. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

#### 1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Impairment is measured by reference to the underlying net assets of the subsidiary companies.

Joint Ventures are held at cost less impairment. Profits distributed to the company are added to the cost of the Joint Venture. Losses are limited to the value of the investment and any further liabilities for contractual or constructive obligations are provided for at the point the company become a party to the arrangement.

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

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### 1 Accounting policies (*continued*)

#### 1.8 Stocks

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

#### 1.11 Financial instruments

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

##### Financial assets

Financial assets comprise cash at bank and in hand, trade debtors, other debtors, and amounts owed by group undertakings; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method.

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

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

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

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

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

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### 1 Accounting policies (*continued*)

#### 1.11 Financial Instruments (*continued*)

##### Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

##### 1.12 Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 1.13 Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

##### 1.14 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

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### 1 Accounting policies (*continued*)

#### 1.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 1.16 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 31 December 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### 1.17 Operating leases: Lessee

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

#### 1.18 Pensions

##### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

##### Group pension plan

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the Group entity which is legally responsible for the plan and all other Group entities recognise a cost equal to their contribution payable for the period.

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the statement of financial position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The employer's portion of current and past service costs are charged to operating profit with the net interest also being recognised in the income statement. Actuarial gains and losses are recognised in other comprehensive income.



# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

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### 1 Accounting policies (*continued*)

#### 1.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

#### 1.20 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

#### 1.21 Borrowing costs

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

#### 1.22 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

#### 1.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

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### 1 Accounting policies (*continued*)

#### 1.23 Current and deferred taxation (*continued*)

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

#### 1.24 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project. The expenditure is treated as if it were all incurred in the research phase only.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

#### Goodwill

Amortisation is charged so as to write down goodwill to its residual value over the estimated useful life as set out in the company's accounting policy. Useful lives are regularly reviewed and should management's assessment of the useful life shorten then amortisation charges in the financial statements would increase and the carrying amount of goodwill would reduce accordingly.

#### Valuation of freehold and leasehold property

The financial statements include properties held at valuation for which the valuation of these properties is a significant estimate. In order to arrive at a reliable estimate, the Directors make use of professional valuation experts. However, significant changes to the assumptions underlying the experts' calculations, or significant changes in market conditions could result in significant changes to the carrying value of property over the next financial year.

#### Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

#### Fixed asset investments (company)

At each reporting date, fixed asset investments are assessed for indicators of impairment. Impairment is measured by reference to the underlying net assets of the subsidiary. If there is any evidence of impairment the carrying amount of the fixed asset is formally reviewed and where applicable is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

#### Guarantee provision

The company provides for guarantee costs which the company is obliged to make on certain sales. The provision is management's best estimate of the claims which are likely to be made within the forthcoming annual guarantee period. The guarantee period is typically one year in duration.

#### Stock provisions

At each reporting date stock is assessed for impairment. If stock is impaired the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

#### Trade debtors

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

#### Defined benefit pension schemes

The valuation of the net defined benefit pension scheme liability is determined on an actuarial basis using the projected unit method discounted at a rate using the current rate of return on high quality corporate bonds of equivalent term and currency to the liability. Assumptions are made about the mortality of the beneficiaries of the pension scheme, and future rates of inflation. The assumptions underlying this calculation are discussed in more detail in note 31.

Significant changes to the assumptions underlying these calculations over the next financial year could result in significant changes to the carrying value of the pension scheme liability.

### 3 Turnover

	2016 £	2015 £
Analysis of turnover by country of destination:		
United Kingdom	100,629,744	98,516,728
Rest of Europe	1,881,927	1,834,044
Rest of the world	1,981,825	1,480,687
	<hr/>	<hr/>
	104,493,496	101,831,459
	<hr/>	<hr/>
An analysis of turnover by class of business is as follows:		
Sale of goods and integrated services	65,190,909	62,956,210
Provision of services	39,302,587	38,875,249
	<hr/>	<hr/>
	104,493,496	101,831,459
	<hr/>	<hr/>

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 4 Other operating income

	2016 £	2015 £
Profit on disposal of tangible assets	165,629	157,726

## 5 Operating profit

	2016 £	2015 £
This has been arrived at after charging:		
Depreciation of tangible fixed assets	2,096,866	2,080,843
Amortisation of intangible assets, including goodwill	162,396	226,410
Hire of plant and machinery - operating leases	75,188	28,452
Hire of other assets - operating leases	380,237	26,925
Exceptional costs (note 34)	-	2,821,396
Release of capital portion of grant	(20,297)	(109,587)
Defined contribution pension cost	872,479	927,182
Exchange (gains) / losses	42,732	(75,777)

## 6 Auditors' remuneration

	2016 £	2015 £
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	12,750	12,250
<b>Fees payable to the group's auditor and its associates in respect of:</b>		
The auditing of accounts of associates of the group pursuant to legislation	53,000	50,750
Other services relating to taxation	28,435	17,958
All other services	16,145	25,484

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 7 Employees

	2016 £	2015 £
<b>Group</b>		
Staff costs consist of:		
Wages and salaries	31,809,717	32,790,157
Social security costs	3,354,201	3,286,033
Costs of defined contribution scheme	872,479	927,181
	<u>36,036,397</u>	<u>37,003,371</u>

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

	Number	Number
Production	478	490
Administration	408	391
	<u>886</u>	<u>881</u>

Average monthly number of employees

	2016 £	2015 £
<b>Company</b>		
Staff costs consist of:		
Wages and salaries	23,250	19,250
	<u>23,250</u>	<u>19,250</u>

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

	Number	Number
Administration	7	6
	<u>7</u>	<u>6</u>

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 8 Directors' remuneration

	2016 £	2015 £
Directors' emoluments	248,341	237,175
Company contributions to the group personal pension plan	71,400	28,560

The highest paid director received remuneration of £161,038 (2015 - £154,181).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £71,400 (2015 - £28,560).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £Nil (2015 - £Nil).

The total accrued pension provision of the highest paid director at 31 December 2016 amounted to £38,835 (2015 - £Nil).

The amount of the accrued lump sum in respect of the highest paid director at 31 December 2016 amounted to £Nil (2015 - £Nil).

### 9 Interest receivable

	2016 £	2015 £
Interest receivable	24,636	67,145
	<u>24,636</u>	<u>67,145</u>

### 10 Interest payable and other finance costs

	2016 £	2015 £
Interest payable and similar charges	43,526	26,564
Pensions costs	104,000	137,000
	<u>147,526</u>	<u>163,564</u>

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (continued)

## 11 Taxation on loss from ordinary activities

	2016 £	2015 £
<i>Corporation tax</i>		
Current tax on profits for the year	-	107,936
Adjustment in respect of previous periods:		
- corporation tax	(95,132)	(52,329)
- group relief	-	(5,878)
	<hr/>	<hr/>
Total current tax	(95,132)	49,729
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	102,435	27,413
Adjustment in respect of previous periods	(26,722)	(47,517)
Other	35,986	83,951
	<hr/>	<hr/>
Total deferred tax	111,699	63,847
	<hr/>	<hr/>
Taxation on profit on ordinary activities	16,567	113,576
	<hr/>	<hr/>

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21.25%). The differences are explained below:

	2016 £	2015 £
Profit/(Loss) on ordinary activities before tax	294,510	(809,519)
	<hr/>	<hr/>
Profit/ (Loss) on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	58,902	(163,928)
Effects of:		
Expenses not deductible/chargeable for tax purposes	24,122	266,770
Adjustment in respect of previous periods	(121,854)	(105,724)
Other	55,397	116,458
	<hr/>	<hr/>
Total tax charge for the year	16,567	113,576
	<hr/>	<hr/>

In addition to the above a deferred tax credit relating to items recognised in other comprehensive income of £420,712 (2015 charge— £178,055) has been recognised.

### Factors that may affect future tax charges

The reduction in the UK corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 were substantively enacted in October 2015. Accordingly, these rates have been applied in the measure of the Group and Company's deferred tax assets and liabilities at 31 December 2016.

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 12 Dividends

	2016 £	2015 £
Ordinary shares		
Interim dividends paid to £2.00 (2015 - £5.50) per share	96,000	264,000

## 13 Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £88,269 (2015: £329,523).

## 14 Intangible fixed assets

	Goodwill £
<i>Cost</i>	
At 1 January 2016 and 31 December 2016	2,222,842
<i>Amortisation</i>	
At 1 January 2016	1,741,647
Charge for the year	162,396
At 31 December 2016	1,904,043
<i>Net book value</i>	
At 31 December 2016	318,799
At 31 December 2015	481,195

Goodwill on consolidation has arisen from previous acquisitions. Goodwill is amortised over 5 years, being the estimated useful life.



# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 15 Tangible fixed assets

Group	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>						
At 1 January 2016	1,343,287	10,710,040	8,738,133	8,753,589	1,949,531	31,494,580
Additions	-	-	192,838	2,298,717	203,935	2,695,490
Disposals	-	-	(66,822)	(2,025,632)	-	(2,092,454)
At 31 December 2016	<b>1,343,287</b>	<b>10,710,040</b>	<b>8,864,149</b>	<b>9,026,674</b>	<b>2,153,466</b>	<b>32,097,616</b>
<i>Depreciation</i>						
At 1 January 2016	451,374	1,954,803	8,014,797	5,484,556	1,448,472	17,354,002
Charge for the year	892	4,758	179,454	1,694,918	216,844	2,096,866
Disposals	-	-	(49,346)	(1,957,007)	-	(2,006,353)
At 31 December 2016	<b>452,266</b>	<b>1,959,561</b>	<b>8,144,905</b>	<b>5,222,467</b>	<b>1,665,316</b>	<b>17,444,515</b>
<i>Net book value</i>						
At 31 December 2016	<b>891,021</b>	<b>8,750,479</b>	<b>719,244</b>	<b>3,804,207</b>	<b>488,150</b>	<b>14,653,101</b>
At 31 December 2015	891,913	8,755,237	723,336	3,269,033	501,059	14,140,578

The net book value of Group tangible fixed assets includes an amount of £39,192 (2015 - £23,795) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £10,937 (2015 - £8,771).

The company had no fixed assets throughout the period.

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 16 Fixed asset investments

	Investments in joint ventures £
<b>Group</b>	
Cost	
At 1 January 2016 and 31 December 2016	<b>2,594</b>

The above investment relates to the company's 50% holding in Franklin Hodge (Asia) PTE Ltd, which operates in the installation of liquid storage tanks. The results of this company to 31 December 2015 are not material to the company or the group and have therefore not been incorporated into the financial statements.

	Investments in subsidiary companies £
<b>Company</b>	
At 1 January 2016	15,146,067
Revaluations	(1,192,039)
	<hr/>
At 31 December 2016	<b>13,954,028</b>

Impairment is measured by reference to the underlying net assets of the subsidiary.

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (continued)

## 16 Fixed asset investments (continued)

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Carter Thermal Industries Limited	UK	Ordinary	59.21%	Holding company
Carter Retail Equipment Limited	UK	Ordinary		Manufacture and installation of retail display and commercial refrigeration equipment
Carter Synergy Limited	UK	Ordinary		Design and installation of refrigeration systems and maintenance of refrigeration and retail equipment
Carter Environmental Engineers Limited	UK	Ordinary		Design and manufacture of environmental engineering equipment
K.B. Refrigeration Limited	UK	Ordinary		Installation, maintenance and service of refrigeration equipment
Franklin Hodge Industries Limited	UK	Ordinary		Manufacture of liquid storage tanks
Carter Group International Inc	USA	Ordinary		Sale and distribution of retail display refrigerated equipment
BSc Developments Limited*	UK	Ordinary		Dormant
Carter Building Engineering Services Limited *	UK	Ordinary		Dormant
Carter Engineering Building Services Limited *	UK	Ordinary		Dormant
Environmental Building Maintenance Limited *	UK	Ordinary		Dormant
Franklin Hodge Limited *	UK	Ordinary		Dormant
The Star Electrical Company Limited *	UK	Ordinary		Dormant
Visco Limited *	UK	Ordinary		Dormant
Carter Refrigeration & Retail Services Limited *	UK	Ordinary		Dormant

\* denotes subsidiaries exempt from audit by virtue of s479A of the Companies Act 2006

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 17 Investment property

Group	Freehold investment property £
<i>Valuation</i>	
At 1 January 2016 and 31 December 2016	170,000

The company had no investment property throughout the period.

## 18 Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	3,391,095	3,632,771	-	-
Work in progress (goods to be sold)	3,851,637	3,713,749	-	-
Payments on account	(647,437)	(815,172)	-	-
	<u>6,595,295</u>	<u>6,531,348</u>	<u>-</u>	<u>-</u>

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

Stock recognised in cost of sales during the year as an expense was £42,100,273 (2015 - £39,408,950).

An impairment loss of £186,753 (2015 - £27,770) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 19 Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Due within one year:				
Trade debtors	31,943,855	20,773,516	-	-
Amounts owed by group undertakings	-	-	35,864	42,114
Other debtors	428,147	157,454	-	-
Prepayments and accrued income	336,913	499,968	-	-
Group relief receivable	-	-	4,710	-
Corporation tax recoverable	17,500	17,500	17,500	17,500
Deferred taxation (note 25)	102,352	(34,449)	-	-
	<u>32,828,767</u>	<u>21,413,989</u>	<u>58,074</u>	<u>59,614</u>
Due after more than one year:				
Deferred taxation (note 25)	822,646	650,434	-	-
	<u>33,651,413</u>	<u>22,064,423</u>	<u>58,074</u>	<u>59,614</u>

The impairment loss recognised for the period in respect of bad and doubtful debts was £77,268 (2015 - £294,198).

Included within other debtors is £114,811 (2015 - £Nil) owed by the pension scheme as disclosed in note 33.

## 20 Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	<u>1,287,792</u>	<u>9,258,827</u>	<u>486,816</u>	<u>493,007</u>

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 21 Creditors: amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Payments in advance	2,079,914	478,896	-	-
Trade creditors	16,382,637	13,188,119	-	-
Amounts owed to parent/group undertakings			-	-
Corporation tax/group relief	18,725	113,462	-	-
Taxation and social security	2,199,770	1,715,476	-	-
Obligations under finance lease and hire purchase contracts	311,633	100,792	-	-
Other creditors	266,871	580,960	-	-
Accruals and deferred income	3,319,212	4,072,367	44,722	44,722
CMA fine payable (note 34)	690,014	-	-	-
	<u>25,268,776</u>	<u>20,250,072</u>	<u>44,722</u>	<u>44,722</u>

## 22 Creditors: amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Net obligations under finance leases and hire purchase contracts	367,017	158,425	-	-
Accruals and deferred income	730,683	750,979	-	-
CMA fine payable (note 34)	1,325,121	2,015,135	-	-
	<u>2,422,821</u>	<u>2,924,539</u>	<u>-</u>	<u>-</u>

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 23 Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

Group	Finance leases 2016 £	Finance leases 2015 £
In one year or less, or on demand	311,633	100,792
In more than one year but not more than five years	367,017	158,425

The company did not hold any finance leases during the year

## 24 Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets that are debt instruments measured at amortised cost	32,372,002	21,552,702	42,112	42,112
Financial liabilities measured at amortised cost	23,640,073	(21,345,672)	50,366	(42,722)

Financial assets measured at amortised cost comprise debtors (excluding prepayments and tax).

Financial liabilities measured at amortised cost comprise creditors (excluding accruals and tax).

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 25 Deferred taxation £

### Group

At 1 January 2016	615,985
Charged to other comprehensive income	420,712
Charged to comprehensive income	(111,699)

At 31 December 2016	<b>924,998</b>
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The provision for deferred taxation is made up as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Accelerated capital allowances	25,999	(53,076)	-	-
Short term timing differences	76,353	18,627	-	-
Deferred tax asset on pension	822,646	650,434	-	-
	<b>924,998</b>	615,985	-	-

## 26 Provisions

### Group

At 1 January 2016	125,909
Charged to Profit and Loss	-
Utilised in the year	(46,709)

At 31 December 2016	<b>79,200</b>
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# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (continued)

## 27 Share capital

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
48,000 ordinary shares of £1 each	48,000	48,000

## 28 Reserves

### Share capital

The nominal value of allotted and fully paid up ordinary share capital.

### Revaluation reserve

The cumulative revaluation gains and losses in respect of tangible fixed assets.

### Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

### Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

### Profit & loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

## 29 Contingent liabilities

The company has given an unlimited guarantee in respect of the group banking facility which amounted to £6,208,987 at 31 December 2016 (2015 - £1,686,654).

## 30 Capital commitments

As at 31 December 2016, the group and company had capital commitments as set out below:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Capital commitments	24,000	69,000	-	-

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 31 Pension commitments

The group operates several pension schemes:

Carter Thermal Industries Limited Pension Scheme	-	Defined benefit (pensions ceased to accrue with effect from 31 July 2008)
Carter Executive Plan	-	Defined benefit (pensions ceased to accrue with effect from 30 June 2007)
Carter Money Purchase Plan	-	Defined contribution
K.B. Refrigeration and Retirement Benefits Plan	-	Defined contribution & Defined benefit (Defined benefit pensions ceased to accrue with effect from 1 April 1998)

The assets of the schemes are held in separate Trustee administered funds.

There were no changes to the schemes during the year.

#### Actuarial information

	CTI scheme	Carter Executive Plan	K B Refrigeration pre 1 April 1998 defined benefits
Valuation method	Defined accrued benefits method	Defined accrued benefits method	Defined accrued benefits method
Date of last actuarial valuation	31 December 2015	31 December 2014	30 April 2014
Period of valuation	Triennial	Triennial	Triennial

The last full actuarial valuation of the scheme was carried out by a qualified independent actuary on the dates shown and they have been updated on an approximate basis to 31 December 2016.

Contributions include those to both the defined benefit and defined contribution schemes as follows:

	2016 £	2015 £
Defined benefit	1,068,108	533,000
Defined contribution	872,479	927,182
	<u>1,940,587</u>	<u>1,460,182</u>

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 31 Pension commitments (*continued*)

### *Reconciliation of present value of plan liabilities*

	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1988 defined benefits £	Total £
At the beginning of the year	(6,755,000)	(12,784,000)	(1,777,000)	(21,316,000)
Interest cost	(231,000)	(456,000)	(84,000)	(771,000)
Actuarial gains/(losses)	(2,034,000)	(2,660,000)	(666,000)	(5,360,000)
Benefits paid	828,000	562,000	82,000	1,472,000
	<u>(8,192,000)</u>	<u>(15,338,000)</u>	<u>(2,445,000)</u>	<u>(25,975,000)</u>
At the end of the year	(8,192,000)	(15,338,000)	(2,445,000)	(25,975,000)

### *Composition of plan liabilities*

	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1988 defined benefits £	Total £
<b>2016</b>				
Schemes wholly or partly funded	<u>(8,192,000)</u>	<u>(15,338,000)</u>	<u>(2,445,000)</u>	<u>(25,975,000)</u>
<b>2015</b>				
Schemes wholly or partly funded	<u>(6,755,000)</u>	<u>(12,784,000)</u>	<u>(1,777,000)</u>	<u>(21,316,000)</u>

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (continued)

## 31 Pension commitments (continued)

### Reconciliation of fair value of plan assets

	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1988 defined benefits £	Total £
At the beginning of the year	4,558,800	11,722,000	2,005,000	18,285,800
Expected rate of return on plan assets	730,000	1,802,000	-	2,532,000
Actuarial gains	-	-	55,000	55,000
Interest income	160,000	427,000	80,000	667,000
Contribution by group	482,580	498,795	86,733	1,068,108
Benefits paid	(828,000)	(562,000)	(82,000)	(1,472,000)
At the end of the year	<b>5,103,380</b>	<b>13,887,795</b>	<b>2,144,733</b>	<b>21,135,908</b>

### Reconciliation to balance sheet

	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1988 defined benefits £	Total £
<b>2016</b>				
Present value of funded obligations	(8,192,000)	(15,338,000)	(2,445,000)	(25,975,000)
Fair value of plan assets	5,103,380	13,887,795	2,144,733	21,135,908
Net liability	<b>(3,088,620)</b>	<b>(1,450,205)</b>	<b>(300,267)</b>	<b>(4,839,092)</b>
<b>2015</b>				
Present value of funded obligations	(6,755,000)	(12,784,000)	(1,777,000)	(21,316,000)
Fair value of plan assets	4,558,800	11,722,000	2,005,000	18,285,800
	(2,196,200)	(1,062,000)	228,000	(3,030,200)
Pension scheme asset not recognised due to limit on recognisable surpluses	-	-	(228,000)	(228,000)
Net liability	<b>(2,196,200)</b>	<b>(1,062,000)</b>	<b>-</b>	<b>(3,258,200)</b>

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (continued)

## 31 Pension commitments (continued)

The amounts recognised in profit and loss are as follows:

			K B Refrigeration pre 1 April 1988 defined benefits £	
2016	CTI scheme £	Carter Executive plan £		Total £
<i>Included in other finance income</i>				
Interest cost	231,000	456,000	84,000	771,000
Expected return of plan assets	(160,000)	(427,000)	(80,000)	(667,000)
	<u>71,000</u>	<u>29,000</u>	<u>4,000</u>	<u>104,000</u>
 2015				
<i>Included in other finance income</i>				
Interest cost	242,000	478,000	68,000	788,000
Expected return of plan assets	(165,000)	(417,000)	(69,000)	(651,000)
	<u>77,000</u>	<u>61,000</u>	<u>(1,000)</u>	<u>137,000</u>

Analysis of actuarial loss recognised in other comprehensive income:

			K B Refrigeration pre 1 April 1988 defined benefits £	
2016	CTI scheme £	Carter Executive plan £		Total £
Actuarial return less expected return on pension plan assets	730,000	1,802,000	55,000	2,587,000
Experience gains and losses arising on the scheme liabilities	(2,034,000)	(2,660,000)	(438,000)	(5,132,000)
Actuarial losses recognised in other comprehensive income	<u>(1,304,000)</u>	<u>(858,000)</u>	<u>(383,000)</u>	<u>(2,545,000)</u>
 2015				
Actuarial return less expected return on pension plan assets	(253,000)	(433,000)	(40,000)	(726,000)
Experience gains and losses arising on the scheme liabilities	261,000	1,088,000	(33,000)	(1,316,000)
Actuarial gains recognised in other comprehensive income	<u>8,000</u>	<u>655,000</u>	<u>(73,000)</u>	<u>590,000</u>

The experience gains and losses for 2016 noted above are shown net of the pension surplus not recognised in 2015.

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 31 Pension commitments (*continued*)

*Composition of plan assets:*

2016	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1988 defined benefits £	Total £
Equities	2,629,000	6,700,000	-	9,329,000
Bonds	2,140,000	1,468,000	-	3,608,000
Secure Growth	-	-	807,000	807,000
GARS	-	-	1,337,733	1,337,733
LDI	-	5,580,000	-	5,580,000
Other	334,380	139,795	-	474,175
	<hr/>	<hr/>	<hr/>	<hr/>
Total plan assets	<b>5,103,380</b>	<b>13,887,795</b>	<b>2,144,733</b>	<b>21,135,908</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>2015</b>				
Equities	2,263,000	5,872,000	772,000	8,907,000
Bonds	1,598,000	5,671,000	387,000	7,656,000
Secure growth	-	-	709,000	709,000
Other	697,000	179,000	127,000	1,003,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total plan assets	<b>4,558,000</b>	<b>11,722,000</b>	<b>1,995,000</b>	<b>18,275,000</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Actual return on plan assets</b>			<b>2016 £</b>	<b>2015 £</b>
CTI scheme			<b>890,000</b>	(88,000)
Carter executive plan			<b>2,229,000</b>	(16,000)
K B refrigeration pre 1 April 1988 defined benefits			<b>135,000</b>	(77,700)
			<hr/>	<hr/>
Total actual return on plan assets			<b>3,254,000</b>	(181,700)
			<hr/>	<hr/>

# Longdon Estates Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016 (*continued*)

## 31 Pension commitments (*continued*)

*Principal actuarial assumptions used at the balance sheet date*

Group	CT1 scheme 2016 %	CTI scheme 2015 %	Carter Executive plan 2016 %	Care Executive plan 2015 %	K B Refrigeration pre 1 April 1988 defined 2016 %	K B Refrigeration pre 1 April 1988 defined 2015 %
Discount rates	2.60	3.65	2.6	3.65	2.7	4.00
Expected rates of return on plan assets:						
Equities	2.6	3.65	2.6	3.65	-	6.00
Bonds	2.6	3.65	2.6	3.65	3.4	3.30
Secure growth	-	-	-	-	3.4	3.30
Cash	2.6	3.65	2.6	3.65	2.4	2.40
Revaluation of deferred pensions	2.45	2.05	2.45	2.05	2.4	2.40
Inflation assumption	2.45	2.05	2.45	2.05	2.4	2.40
<b>Mortality rates</b>						
Aged at 65 at year end:						
Males	21.9	21.20	21.9	22.70	22.2	22.10
Females	23.9	23.20	23.9	24.60	24.2	24.10
Agreed at 45 at year end:						
Males	23.2	22.50	23.2	24.00	23.9	23.80
Females	25.4	24.70	25.4	26.20	26.1	26.00

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

### 31 Pension commitments (*continued*)

#### Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

#### Narrative description of the basis used to determine the overall expected rate of return of assets

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the long term rate of return on assets assumption for the portfolio.

**Bonds:** The long term expected returns on government and corporate bonds are derived as the quoted yield on fixed interest government bonds and AA corporate bonds, respectively, at the balance sheet date.

**Equities:** The long-term expected rate of return on equities is derived as fixed interest government bond yields as the balance sheet date with a 3% p.a. allowance for out-performance net of expenses.

**Cash:** The long term expected rate of return on cash is derived as fixed interest government bond yields without adjustment.

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £872,479 (2015 - £927,182). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The best estimate of contributions to be paid by the group to the CTI Scheme, Carter Executive Plan and KB Refrigeration schemes for the period beginning after 31 December 2016 are £498,000, £410,000 and £80,000 respectively.



# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 32 Commitments under operating leases

The group had total commitments under non-cancellable operating leases as set out below:

	Land and buildings 2016 £	Other 2016 £	Land and buildings 2015 £	Other 2015 £
Operating leases which expire:				
Within one year	221,774	49,050	256,736	68,116
In two to five years	130,568	26,324	332,451	63,644
After five years	-	20,258	46,931	11,536
	<b>352,342</b>	<b>95,632</b>	<b>636,118</b>	<b>143,296</b>

The company had no operating lease commitments (2015 - £Nil).

### 33 Related party disclosures

Longdon Estates Limited owns 59.21% of Carter Thermal Industries Limited and the only transactions between these companies was the payment of a dividend of £1.00 per share.

The group has taken advantage of the exemption conferred by section 33.1A of Financial Reporting Standard 102 'Related party disclosures' not to disclose transactions between Carter Thermal Industries Limited and its wholly owned subsidiaries.

#### *Transactions with directors*

Two directors of the company hold shares in Longdon Estates Limited. D W Arkley and J C Scott are trustees of the Mrs C S Carter Discretionary Trust, the C S Carter Interest in Possession Trust for S G McKibbin and the Mrs AP Scott Discretionary Trust. J Chamberlain is also a trustee of the Mrs AP Scott Discretionary Trust. Dividends paid to these shareholders during the year were as follows:

	2016 £	2015 £
<b>Related party</b>		
Mrs J A Chamberlain	10,250	28,188
Mrs M C Rennison	10,250	28,188
Mrs S G McKibbin	4,250	-
Mrs C S Carter Discretionary Trust	26,986	74,212
C S Carter Interest in Possession Trust for S G McKibbin	6,000	16,500
Mrs AP Scott Discretionary Trust	25,000	68,750

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £616,749 (2015 - £979,319).

The pension schemes are related parties of the company and during the year £114,811 (2015 - £109,052) was paid by the company on behalf of the schemes in respect of administration costs.

# Longdon Estates Limited

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 33 Related party disclosures (continued)

The pension schemes made repayments to the group during the year of £Nil (2015 – £109,052). At 31 December 2016 the outstanding balance due from the schemes to the group was £114,811 (2015 – £Nil) and is included within other debtors as per note 19.

A 50% owned Joint Venture of the group, Franklin Hodge (Asia) PTE Ltd, held outstanding balances with group companies at 31 December 2016 of £21,623 (2015: £21,623) and this is included within amounts owed by group undertakings per note 19. There were no transactions during the year.

### 34 Exceptional items

	2016 £	2015 £
CMA fine	-	2,015,135
CMA legal costs	-	339,837
Restructuring redundancy costs	-	466,424
Total exceptional costs	-	2,821,396

It has been agreed with Competitions and Market Authority (CMA) that the fine payment is to be made over three equal annual instalments. The first instalment was paid on 20 February 2017 and the last payment is due on 20 February 2019. The size of the fine was reduced by the CMA due to the full co-operation of the senior management and the enhancement of additional training and procedures required to prevent a reoccurrence of any trading practices deemed to be anti-competition behaviour. The Directors are confident that these steps will prevent all staff from operating any anti-competitive practices in the future.

### 35 Ultimate controlling party

There is no individual controlling party of the company or the group