Financial Statements

Heating Plumbing Supplies Limited

For the Year Ended 31 December 2015

Registered number: 04171695

Company Information

Directors	R Walker A Curneen P Wilson A Meadows
Company secretary	CJ Hewer
Registered number	04171695
Registered office	Unit W Rich Industrial Estate Avis Way NEWHAVEN East Sussex BN9 0DU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW
Bankers	Lloyds TSB Bank Plc
Solicitors	emw law

Heating Plumbing Supplies Limited
Registered number:04171695

Contents

Strategic Report
For the Year Ended 31 December 2015

The company's principal activity is the wholesale distribution of domestic heating and plumbing appliances and supplies.

Business review
The profit for the year, after taxation, amounted to £3,477,201 (2014: £2,924,685). The directors are encouraged that turnover continues to rise in a difficult economic climate. The company's membership of the PHG buying group continues to contribute strongly towards the growing profitability in the year.

On the 29 September 2014 the company opened its Tunbridge Wells branch and on the 19 January 2015 its Bracknell branch. Both of these locations offer showroom facilities, increasing the company's offering from five to seven within the wider branch network.

Principal risks and uncertainties
The Board continually reviews the potential risks facing the company. Some of the key areas reviewed are the following:

Economic environment
The company continues to rely on sustainable levels of disposable income within the UK market place and a decline in the UK economy would have an impact on turnover. However as the company’s customer base is largely made up of smaller installers dealing in the repairs, maintenance and improvements market which has proved to be relatively robust in previous downturns, this impact has been mitigated in the economic market place.

Competition
The company operates in a highly competitive market putting pressure on margin and turnover growth. However being an active member of the PHG buying group enables the company to optimise trading margins. The company continually strives to offer distinctive customer service which provides additional safeguards in terms of margin and turnover.

Financial risk management objectives and policies
The company uses various financial instruments including cash, trade debtors, bank overdraft and trade creditors that arise directly from the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below:

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

Interest rate risk
The company finances its operations entirely through retained profits and overdraft. Cash is managed to minimise interest costs while avoiding inherent risk.

Credit risk
The company's principal financial assets are stock, cash and trade debtors. In order to manage credit risk the directors set limits for customers based on payment history and third party credit references. Credit limits are reviewed by the credit controller and sales director on a regular basis in conjunction with debt ageing and collection history.

Strategic report (continued)

Financial key performance indicators

Growth in turnover is a key measure of the company's success in winning new business and retaining existing customers. Like for like turnover increased by 5.8% between 2014 and 2015. The securing of new business is a critical area if the business is to continue to grow.

The company measures its financial performance using the following measures:

- Operating profit of £4,371,462 is stated after bad debt charges of £115,242 yielding a return to turnover of 8.2% (2014 – 7.6%)
- Debtor days were 36 in 2015 and 36 in 2014.
- Stock days increased from 56 to 58.

Both stock and debtor days have remained fairly consistent and are within the acceptable range set by the company.

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

A Curneen
Director

Date: 19 April 2016

Directors' Report
For the Year Ended 31 December 2015

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £3,477,201 (2014 -£2,924,685).

Directors

The directors who served during the year were:

R Walker
A Curneen
P Wilson
A Meadows

Principal risks and uncertainties

Information regarding the Group's principal risks and uncertainties are reported within the Strategic Report.

Directors' Report
For the Year Ended 31 December 2015

Future developments

The Company continues to search for new branch opening opportunities. Two new branches have been identified and setup in 2016. Millbrook opened in Hampshire on the 21st March 2016 and Rochester in Kent opened on the 11th April 2016 bringing the total number of branches to 33. Both branches include a showroom. Head Office is to relocate to the unit next door, leaving Newhaven branch in the existing unit with room to open a new showroom. This brings the total number of showrooms to 10.

Disclosure of information to auditor

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

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

Post balance sheet events

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

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

A Curneen
Director

Date: 19 April 2016

Independent Auditor's Report to the Members of Heating Plumbing Supplies Limited

We have audited the financial statements of Heating Plumbing Supplies Limited for the year ended 31 December 2015, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

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

Scope of the audit of the financial statement

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at 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 Company's affairs as at 31 December 2015 and of its 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Heating Plumbing Supplies Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

William Devitt (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Grant Thornton House
202 Silbury Boulevard
Milton Keynes
MK9 1LW

21 April 2016

Statement of Comprehensive Income
For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	**53,053,635**	48,129,362
Cost of sales		**(36,633,858)**	(33,386,588)
Gross profit		**16,419,777**	14,742,774
Distribution costs		**(10,657,618)**	(10,022,187)
Administrative expenses		**(1,390,697)**	(1,063,285)
Operating profit	4	**4,371,462**	3,657,302
Interest receivable and similar income	8	**24,418**	88,604
Interest payable and similar charges	9	**(1,919)**	(3,920)
Profit before tax		**4,393,961**	3,741,986
Tax on profit	10	**(916,760)**	(817,301)
Profit for the year		**3,477,201**	2,924,685
Total comprehensive income for the year		**3,477,201**	2,924,685

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

The notes on pages 11 to 25 form part of these financial statements.

Heating Plumbing Supplies Limited
Registered number:04171695

Balance Sheet

As at 31 December 2015

	Note		2015 £		2014 £
Fixed assets					
Tangible assets	12		**820,288**		953,662
Investments	13		**2,550**		2,550
			822,838		956,212
Current assets					
Stocks	14	**5,276,231**		4,609,669	
Debtors: amounts falling due within one year	15	**7,412,134**		6,815,265	
Cash at bank and in hand	16	**3,193,134**		4,097,274	
		15,881,499		15,522,208	
Creditors: amounts falling due within one year	17	**(6,737,026)**		(6,996,750)	
Net current assets			**9,144,473**		8,525,458
Total assets less current liabilities			**9,967,311**		9,481,670
Provisions for liabilities					
Deferred tax	19	**(50,084)**		(55,096)	
Other provisions	20	**(601,100)**		(526,700)	
			(651,184)		(581,796)
Net assets			**9,316,127**		8,899,874
Capital and reserves					
Called up share capital	22		**1,646,050**		1,646,050
Share premium account	21		**3,250**		3,250
Profit and loss account	21		**7,666,827**		7,250,574
			9,316,127		8,899,874

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

A Curneen
Director

Date: 19 April 2016

The notes on pages 11 to 25 form part of these financial statements.

Statement of Changes in Equity
As at 31 December 2015

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 1 January 2015	**1,646,050**	**3,250**	**7,250,574**	**8,899,874**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**3,477,201**	**3,477,201**
Contributions by and distributions to owners				
Dividends: Equity capital	**-**	**-**	**(3,060,948)**	**(3,060,948)**
Total transactions with owners	**-**	**-**	**(3,060,948)**	**(3,060,948)**
At 31 December 2015	**1,646,050**	**3,250**	**7,666,827**	**9,316,127**

Statement of Changes in Equity
As at 31 December 2014

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 1 January 2014	**1,646,050**	**3,250**	**11,851,568**	**13,500,868**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**2,924,685**	**2,924,685**
Contributions by and distributions to owners				
Dividends: Equity capital	**-**	**-**	**(7,525,679)**	**(7,525,679)**
Total transactions with owners	**-**	**-**	**(7,525,679)**	**(7,525,679)**
At 31 December 2014	**1,646,050**	**3,250**	**7,250,574**	**8,899,874**

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

1. Accounting policies

1.1 Company information

Heating Plumbing Supplies Limited is a limited liability company, incorporated in England and its registered office is Unit W, Rich Industrial Estate, Avis Way, Newhaven, East Sussex, BN9 0DU.

1.2 Basis of preparation of financial statements

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 company's functional and presentational currency is GBP.

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

The following principal accounting policies have been applied:

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Heating Plumbing Supplies Group Limited as at 31 December 2015 and these financial statements may be obtained from Companies House, England and Wales.

1.4 Going concern

As described more fully within the Strategic Report, the company has considerable financial resources together with a well established and profitable business. Through the production of forecasts and regular management information, the directors successfully monitor and devise strategy to address business and financial risks in the company.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

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

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

1.6 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

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:

Depreciation is provided on the following bases:

Premises improvements	-	10% straight line
Telecommunications	-	20% straight line
Computer equipment	-	33% straight line
Racking	-	10% straight line

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 Statement of Comprehensive Income.

1.7 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.

1.8 Valuation of investments

Other trade investments and are held at cost less impairment as fair value cannot be reliably determined.

1.9 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 average purchase price of items held, less discounts received.

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.11 Creditors

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

1.12 Finance costs

Finance costs are charged to the Profit and Loss Account 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.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.13 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.

1.14 Financial instruments

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

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 Profit and Loss Account.

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

1.15 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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

1. Accounting policies (continued)

1.16 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

1.17 Provisions for Liabilities

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

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

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

1.18 Current and deferred taxation

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

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

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

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

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

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

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

The preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these judgments and estimates have been made include the useful economic life of fixed assets and dilapidation, stock and trade debt provisions.

There are judged to be no key assumptions used in those estimates other than the application of long term outcomes which could have a material impact on the next financial reporting period.

3. Analysis of turnover

The turnover and profit on ordinary activities before taxation are attributable to the wholesale distribution of domestic heating and plumbing appliances and supplies.

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	**213,414**	206,525
Defined contribution pension cost	**342,512**	306,356
Operating lease rentals - plant and machinery	**203,595**	183,994
Operating lease rentals - other operating leases	**758,711**	743,001
Loss on sale of tangible assets	**3,155**	-

5. Auditor's remuneration

	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**24,000**	23,600
	24,000	23,600
Other services supplied pursuant to such legislation	**4,500**	-
Other services relating to taxation	**5,300**	5,000
	9,800	5,000

Auditor's remuneration for audit and non-audit services relate to fees incurred for the group headed by Heating Plumbing Supplies Group Limited.

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

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£	£
Wages and salaries	**7,253,935**	6,487,846
Social security costs	**836,734**	717,902
Defined contribution pension scheme	**342,512**	306,356
	8,433,181	7,512,104

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

	2015	2014
	No.	No.
Sales and distribution	**155**	147
Administration	**12**	11
	167	158

7. Directors' remuneration

	2015	2014
	£	£
Directors' emoluments	**759,594**	712,864
Company contributions to defined contribution pension schemes	**127,450**	125,939
	887,044	838,803

During the year retirement benefits were accruing to 4 directors (2014 -4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £193,974 (2014 -£181,271).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £31,860 (2014 -£31,081).

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

8. Interest receivable

	2015	2014
	£	£
Interest receivable from group companies	-	73,166
Other interest receivable	24,418	15,438
	24,418	88,604

9. Interest payable and similar charges

	2015	2014
	£	£
Bank interest payable	1,919	3,920
	1,919	3,920

10. Taxation

	2015	2014
	£	£
Corporation tax		
Current tax on profits for the year	929,125	804,065
Adjustments in respect of previous periods	(7,353)	(15,506)
	921,772	788,559
Group taxation relief	-	24,008
	921,772	812,567
Total current tax	921,772	812,567
Deferred tax		
Origination and reversal of timing differences	(5,661)	10,922
Changes to tax rates	649	(6,188)
Total deferred tax	(5,012)	4,734
Taxation on profit on ordinary activities	916,760	817,301

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

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 -higher than) the standard rate of corporation tax in the UK of 20.25% (2014 -21.5). The differences are explained below:

	2015	2014
	£	£
Profit on ordinary activities before tax	**4,393,961**	3,741,986
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 -21.5%)	**889,627**	804,527
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**23,007**	24,793
Adjustments to tax charge in respect of prior periods	**(7,353)**	(15,506)
Other timing differences leading to an increase (decrease) in taxation	**1,356**	(7,260)
Fixed asset differences	**10,123**	10,747
Total tax charge for the year	**916,760**	817,301

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2015	2014
	£	£
Dividends on ordinary shares	**3,060,948**	7,525,679
	3,060,948	7,525,679

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

12. Tangible fixed assets

	Office Equipment Fixtures and fittings
	£
Cost	
At 1 January 2015	3,212,161
Additions	86,445
Disposals	(9,150)
At 31 December 2015	3,289,456
Depreciation	
At 1 January 2015	2,258,499
Charge for the period	213,414
Disposals	(2,745)
At 31 December 2015	2,469,168
At 31 December 2015	820,288
At 31 December 2014	953,662

13. Fixed asset investments

	Trade investments
	£
Cost	
At 1 January 2015	2,550
At 31 December 2015	2,550
At 31 December 2014	2,550

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

14. Stocks

	2015 £	2014 £
Finished goods and goods for resale	**5,276,231**	4,609,669
	5,276,231	4,609,669

Stock recognised in cost of sales during the year as an expense was £36,633,858 (2014: £33,386,588).

An impairment loss of £170,212 (2014: £94,819) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

15. Debtors

	2015 £	2014 £
Trade debtors	**6,199,620**	5,713,557
Prepayments and accrued income	**1,212,514**	1,101,708
	7,412,134	6,815,265

16. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	**3,193,134**	4,097,274
	3,193,134	4,097,274

Notes to the Financial Statements

For the Year Ended 31 December 2015

17. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	**3,819,752**	4,360,310
Amounts owed to group undertakings	**-**	22,008
Corporation tax	**473,734**	452,301
Taxation and social security	**1,037,155**	1,058,787
Accruals and deferred income	**1,406,385**	1,103,344
	6,737,026	6,996,750

18. Financial instruments

	2015	2014
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**6,199,620**	5,713,557
	6,199,620	5,713,557
Financial liabilities		
Financial liabilities measured at amortised cost	**(5,226,138)**	(5,485,662)
	(5,226,138)	(5,485,662)

Financial assets measured at amortised cost comprise trade and other receivables.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

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

19. Deferred taxation

	Deferred tax
	£
At 1 January 2015	(55,096)
Charged to the profit and loss account	5,012
At 31 December 2015	**(50,084)**

The provision for deferred taxation is made up as follows:

	2015	2014
	£	£
Accelerated capital allowances	(68,057)	(74,711)
Other short term timing differences	17,973	19,615
	(50,084)	(55,096)

20. Provisions

	Provisions
	£
At 1 January 2015	526,700
Charged to the profit and loss account	74,400
At 31 December 2015	**601,100**

At the year end provisions included property dilapidations £530,100 (2014: £455,700), vehicle costs £49,500 (2014: £49,500) and other operational amounts £21,500 (2014: £21,500).

21. Reserves

Profit & loss account

Profit and loss includes all current and prior period retained profits and losses.

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

22. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
1,646,050 Ordinary shares of £1 each	**1,646,050**	1,646,050

Each £1 Ordinary share ranks pari passu with regard to voting and dividend rights.

23. Pension commitments

The Company operates a defined contribution pension scheme for the benefit of the employees. The assets of the defined contribution pension scheme are administered by trustees in funds independent from those of the Company. The pension cost charge represents contributions payable by the Company to the funds and amounted to £342,512 (2014: £306,356). Contributions totaling £28,850 (2014: £27,075) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

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

	2015 £	2014 £
Not later than 1 year	**790,771**	870,819
Later than 1 year and not later than 5 years	**1,180,069**	1,518,370
Later than 5 years	**15,750**	25,333
Total	**1,986,590**	2,414,522

25. Related party transactions

The company has taken advantage of the exemption permitted by section 33.1A of FRS102 not to disclose related party transactions with its group as a wholly owned subsidiary.

26. Controlling party

Heating Plumbing Supplies Limited is a wholly owned subsidiary of Heating Plumbing Supplies Group Limited, forming the largest and smallest group for which consolidated accounts are drawn up.

Notes to the Financial Statements

For the Year Ended 31 December 2015

27. First time adoption of FRS 102 and prior period adjustment

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss. A prior period adjustment has been recognised with respect to other operating income in 2014 relating to discounts received amounting to £427,826 being re-presented within cost of sales.