Parent company accounts
of W. x H. S. Emery Company
Limited - 00194760
pg 31, note 16

JOSEPH PARR GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Company Registration No. 00119432 (England and Wal

JOSEPH PARR GROUP LIMITED

COMPANY INFORMATION

Directors	Mr R A Lomas Mrs C J Jones
Secretary	Mr P Welch
Company number	00119432
Registered office	Parr Building Centre Dunnings Bridge Road Bootle Merseyside L30 6UU
Auditor	DSG Castle Chambers 43 Castle Street Liverpool L2 9TL

JOSEPH PARR GROUP LIMITED

CONTENTS

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Principal activity
The principal activity of the group in the year under review continued to be that of builders' merchants.

Joseph Parr Group Limited operates a number of builders' merchants throughout the UK via its subsidiary undertakings.

Fair review of the business
Trading results
The results for the group show a pre-tax profit of £2,853,436 (2017: £3,267,366) for the year and turnover of £69,661,348 (2017: £65,360,503).

Financial position
At the Balance Sheet date, group shareholders' funds had increased by £3.1m since the previous year end, representing an increase of 15.2% during the current period.

The directors consider the state of the group's affairs to be satisfactory given the current economic climate and increased completion from organisations within the sector.

Principal risks and uncertainties
The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to the economy in general and the building trade in particular.

We have set out below a number of risk factors that we believe could cause our actual future results to differ materially from expected results. However, other factors could adversely affect the results and so the factors set out below should not be considered to be a complete set of all potential risks and uncertainties.

Business conditions and the general economy
The profitability of the group could be adversely affected by a worsening of general economic conditions in the United Kingdom. Factors such as unemployment, interest rates and inflation could significantly affect the sector. Whilst a short term worsening in the economic conditions in the United Kingdom should not significantly adversely impact profitability, a sustained downturn over a number of years would be likely to lead to reduced profit in this area.

Liquidity risk
The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk
The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Credit risk
Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Regulatory compliance risk
The group is subject to regulatory compliance risk which can arise from a failure to comply fully with the laws, regulations or codes applicable, for example health and safety, licensing and fire regulations. Non-compliance can lead to fines, enforced suspension from sale of certain products or public reprimand..

Competition
Customer demands are changing and competitive pressure is a continuing risk for the group. Given the potential economic volatility in our markets, we are continuously monitoring trading trends and ways in which to improve the management of our working capital.

Development and performance
Turnover in the year increased by circa £4.3m (6.6%) to £69.6m compared to £65.3m in 2017. Management attributes this increase to the ongoing increase in nationwide house building activity which has contributed to higher sales volumes across most of the group's outlets.

Gross margin increased from £17.5m in 2017 to £18.1m in 2018 and was generated at a slightly lower year on year percentage of 26.1% compared to the equivalent 2017 ratio of 26.8%.

2018 operating profit of £2.9m represents a circa £278k reduction on the 2017 result and is a function of the £600k additional contribution at gross margin level less an aggregate increase in distribution and administrative expenses of circa £884k.

Key performance indicators

Measure	**2018**	**2017**
Turnover	£69.6m	£65.4m
Gross profit	£18.1m	£17.5m
Operating profit	£2.9m	£3.2m

Future Developments
The external commercial environment is expected to remain competitive in 2019. However, the directors are confident that the current level of performance will be maintained in the future. They continue to actively seek organic driven growth opportunities.

By order of the board

Mr P Welch
Secretary
23 September 2019

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R A Lomas
Mrs C J Jones

Results and dividends
The results for the year are set out on page 9.

The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor
The auditor, DSG, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

By order of the board

Mr P Welch
Secretary

23 September 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOSEPH PARR GROUP LIMITED

Opinion

We have audited the financial statements of Joseph Parr Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JOSEPH PARR GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report

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

Iain White

Iain White BSc FCA (Senior Statutory Auditor)
for and on behalf of DSG

23 September 2019

Chartered Accountants
Statutory Auditor

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

.JOSEPH PARR GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	69,661,348	65,360,503
Cost of sales		(51,513,166)	(47,812,715)
Gross profit		18,148,182	17,547,788
Distribution costs		(8,206,863)	(7,985,810)
Administrative expenses		(7,011,455)	(6,348,041)
Other operating income		36,333	29,959
Operating profit	4	2,966,197	3,243,896
Interest receivable and similar income	8	84,476	47,070
Interest payable and similar expenses	9	(75,036)	(62,021)
Amounts written off investments	10	(122,201)	38,421
Profit before taxation		2,853,436	3,267,366
Tax on profit	11	(576,563)	(669,027)
Profit for the financial year		2,276,873	2,598,339
Profit for the financial year is attributable to:			
- Owners of the parent company		2,269,589	2,591,131
- Non-controlling interests		7,284	7,208
		2,276,873	2,598,339

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Profit for the year	2,276,873	2,598,339
Other comprehensive income		
Actuarial gain/(loss) on defined benefit pension schemes	996,000	(208,000)
Tax relating to other comprehensive income	(169,000)	35,400
Other comprehensive income for the year	827,000	(172,600)
Total comprehensive income for the year	3,103,873	2,425,739
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	3,096,589	2,418,531
- Non-controlling interests	7,284	7,208
	3,103,873	2,425,739

JOSEPH PARR GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	12		57,135		-
Tangible assets	13		11,018,866		9,598,042
Investments	15		1,017,526		1,113,029
			12,093,527		10,711,071
Current assets					
Stocks	18	5,336,571		5,096,881	
Debtors	19	13,123,883		11,424,066	
Cash at bank and in hand		2,950,598		3,942,222	
		21,411,052		20,463,169	
Creditors: amounts falling due within one year	20	(8,054,155)		(8,174,689)	
Net current assets			13,356,897		12,288,480
Total assets less current liabilities			25,450,424		22,999,551
Net assets excluding pension liability			25,450,424		22,999,551
Defined benefit pension liability	22		(2,066,000)		(2,659,000)
Net assets			23,384,424		20,340,551
Capital and reserves					
Called up share capital	23		21,939		21,939
Share premium account			749,211		749,211
Profit and loss reserves			22,684,082		19,587,493
Equity attributable to owners of the parent company			23,455,232		20,358,643
Non-controlling interests			(70,808)		(18,092)
			23,384,424		20,340,551

The financial statements were approved by the board of directors and authorised for issue on 23 September 2019 and are signed on its behalf by:

Mrs C J Jones
Director

JOSEPH PARR GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	12		57,135		-
Tangible assets	13		144,598		75,725
Investment properties	14		19,787,944		18,390,891
Investments	15		1,494,729		1,590,232
			21,484,406		20,056,848
Current assets					
Debtors	19	2,844,737		1,813,148	
Cash at bank and in hand		3,217,404		4,224,214	
		6,062,141		6,037,362	
Creditors: amounts falling due within one year	20	(4,466,277)		(3,816,256)	
Net current assets			1,595,864		2,221,106
Total assets less current liabilities			23,080,270		22,277,954
Provisions for liabilities	21		(115,255)		(88,245)
Net assets excluding pension liability			22,965,015		22,189,709
Defined benefit pension liability	22		(2,066,000)		(2,659,000)
Net assets			20,899,015		19,530,709
Capital and reserves					
Called up share capital	23		21,939		21,939
Share premium account			749,211		749,211
Profit and loss reserves			20,127,865		18,759,559
Total equity			20,899,015		19,530,709

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £541,306 (2017 - £2,194,529 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 September 2019 and are signed on its behalf by:

Mrs C J Jones
Director

Company Registration No. 00119432

JOSEPH PARR GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
	£	£	£	£	£	£
Balance at 1 January 2017	21,939	749,211	17,168,962	17,940,112	24,700	17,964,812
Year ended 31 December 2017:						
Profit for the year	-	-	2,591,131	2,591,131	7,208	2,598,339
Other comprehensive income:						-
Actuarial gains on defined benefit plans	-	-	(208,000)	(208,000)	-	(208,000)
Tax relating to other comprehensive income	-	-	35,400	35,400	-	35,400
Total comprehensive income for the year	-	-	2,418,531	2,418,531	7,208	2,425,739
Dividends	-	-	-	-	(50,000)	(50,000)
Balance at 31 December 2017	21,939	749,211	19,587,493	20,358,643	(18,092)	20,340,551
Year ended 31 December 2018:						
Profit for the year	-	-	2,269,589	2,269,589	7,284	2,276,873
Other comprehensive income:						
Actuarial gains on defined benefit plans	-	-	996,000	996,000	-	996,000
Tax relating to other comprehensive income	-	-	(169,000)	(169,000)	-	(169,000)
Total comprehensive income for the year	-	-	3,096,589	3,096,589	7,284	3,103,873
Dividends	-	-	-	-	(60,000)	(60,000)
Balance at 31 December 2018	21,939	749,211	22,684,082	23,455,232	(70,808)	23,384,424

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2017	21,939	749,211	16,737,630	17,508,780
Year ended 31 December 2017:				
Profit for the year	-	-	2,194,529	2,194,529
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	(208,000)	(208,000)
Tax relating to other comprehensive income	-	-	35,400	35,400
Total comprehensive income for the year	-	-	2,021,929	2,021,929
Balance at 31 December 2017	21,939	749,211	18,759,559	19,530,709
Year ended 31 December 2018:				
Profit for the year	-	-	541,306	541,306
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	996,000	996,000
Tax relating to other comprehensive income	-	-	(169,000)	(169,000)
Total comprehensive income for the year	-	-	1,368,306	1,368,306
Balance at 31 December 2018	21,939	749,211	20,127,865	20,899,015

JOSEPH PARR GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	29		1,888,008		2,521,110
Interest paid			(36)		(21)
Income taxes paid			(804,649)		(648,044)
Net cash inflow from operating activities			1,083,323		1,873,045
Investing activities					
Purchase of intangible assets		(57,135)		-	
Purchase of tangible fixed assets		(2,145,479)		(868,540)	
Proceeds on disposal of tangible fixed assets		129,889		92,801	
Purchase of fixed asset investments		(219,442)		(42,583)	
Proceeds on disposal of fixed asset investments		314,945		(38,422)	
Proceeds from other investments and loans		(122,201)		38,421	
Interest received		84,476		47,070	
Net cash used in investing activities			(2,014,947)		(771,253)
Financing activities					
Dividends paid to non-controlling interests		(60,000)		(50,000)	
Net cash used in financing activities			(60,000)		(50,000)
Net (decrease)/increase in cash and cash equivalents			(991,624)		1,051,792
Cash and cash equivalents at beginning of year			3,942,222		2,890,430
Cash and cash equivalents at end of year			2,950,598		3,942,222

1 Accounting policies

Company information

Joseph Parr Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Parr Building Centre, Dunnings Bridge Road, Bootle, Merseyside, L30 6UU. The principal activities of the group are disclosed in the Directors' Report.

The group consists of Joseph Parr Group Limited and all of its subsidiaries.

The principal activity of the company and group is disclosed in the Strategic Report.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies **(Continued)**

The consolidated financial statements incorporate those of Joseph Parr Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

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

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income is recognised when receivable.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	Not amortised in the year as the software was not in use

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land & buildings	2% straight line
Plant and equipment	15% to 25% straight line
Fixtures, fittings & equipment	15% to 25% straight line
Motor vehicles	25% to 33.33% reducing balance

1 Accounting policies **(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Investment properties are included in the balance sheet at their open market value.

Although this accounting policy is in accordance with FRS102 section 16, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies **(Continued)**

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, using the first in first out method. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full, without discounting, in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.14 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

The company operates a defined benefit scheme, which requires contributions to be made to a separately administered fund. Contributions to this fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' service lives on the basis of a constant percentage of earnings. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll cost. The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full on the face of the balance sheet net of any related deferred tax asset or liability. The movement in the scheme surplus or deficit is split between operating charges, financing items and, in the group statement of total recognised gains and losses, the actuarial gains or losses.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

Impairment of debtors

Management reviews the carrying amount of trade receivables on a regular basis to identify items where recoverability may be in doubt. The timing and quantum of any impairment of receivables is a matter of management judgement. Details of such impairments are detailed in Note 19 to these financial statements.

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net present obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Investment properties

The fair value of the investment property has been determined based on the property yield basis by reference to market evidence of prices for similar properties. The selection of appropriate comparators upon which to base these valuations is an area of management judgement.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of goods	69,661,348	65,360,503

	2018	2017
	£	£
Other significant revenue		
Interest income	84,476	47,070

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	69,661,348	65,360,503

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	594,766	584,583
Cost of stocks recognised as an expense	51,513,166	47,812,715
Operating lease charges	393,561	355,631

5 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	20,220	19,635
Audit of the financial statements of the company's subsidiaries	17,780	17,365
	38,000	37,000
For other services		
All other non-audit services	40,000	39,000

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018	2017	Company 2018	2017
	Number	Number	Number	Number
Selling and distribution	209	203	-	-
Administration	55	56	8	9
	264	259	8	9

Their aggregate remuneration comprised:

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Wages and salaries	8,285,485	7,957,072	653,270	582,438
Social security costs	865,023	831,859	82,289	71,737
Pension costs	617,156	601,732	362,387	362,774
	9,767,664	9,390,663	1,097,946	1,016,949

7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	259,476	176,060

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018	2017
	£	£
Remuneration for qualifying services	219,909	-
Accrued pension at the end of the year	10,251	-

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017: 1).

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	84,476	47,070

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	84,476	47,070

9 Interest payable and similar expenses

	2018	2017
	£	£
Other finance costs:		
Interest on the net defined benefit liability	75,000	62,000
Other interest	36	21
Total finance costs	75,036	62,021

10 Amounts written off investments

	2018	2017
	£	£
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(114,298)	38,421
Other gains/(losses)		
Loss on disposal of financial assets held at fair value through profit or loss	(7,903)	-
	(122,201)	38,421

11 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	629,852	755,087
Deferred tax		
Origination and reversal of timing differences	(53,289)	(86,060)
Total tax charge	576,563	669,027

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	2,853,436	3,267,366
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	542,153	620,800
Tax effect of expenses that are not deductible in determining taxable profit	34,410	45,932
Effect of change in corporation tax rate	-	2,295
Taxation charge	576,563	669,027

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018	2017
	£	£
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	169,000	(35,400)

12 Intangible fixed assets

Group	Software
	£
Cost	
At 1 January 2018	-
Additions - separately acquired	57,135
At 31 December 2018	57,135
Amortisation and impairment	
At 1 January 2018 and 31 December 2018	-
Carrying amount	
At 31 December 2018	57,135
At 31 December 2017	-

Company	Software
	£
Cost	
At 1 January 2018	-
Additions - separately acquired	57,135
At 31 December 2018	57,135
Amortisation and impairment	
At 1 January 2018 and 31 December 2018	-
Carrying amount	
At 31 December 2018	57,135
At 31 December 2017	-

13 Tangible fixed assets

Group	Land & buildings	Plant and equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2018	10,048,459	2,440,022	125,398	2,182,588	14,796,467
Additions	1,302,446	256,875	4,202	581,956	2,145,479
Disposals	-	-	-	(502,423)	(502,423)
At 31 December 2018	11,350,905	2,696,897	129,600	2,262,121	16,439,523
Depreciation and impairment					
At 1 January 2018	1,869,765	2,003,637	113,415	1,211,608	5,198,425
Depreciation charged in the year	125,882	142,169	6,437	320,278	594,766
Eliminated in respect of disposals	-	-	-	(372,534)	(372,534)
At 31 December 2018	1,995,647	2,145,806	119,852	1,159,352	5,420,657
Carrying amount					
At 31 December 2018	9,355,258	551,091	9,748	1,102,769	11,018,866
At 31 December 2017	8,178,694	436,385	11,983	970,980	9,598,042

Company	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 January 2018	125,398	179,928	305,326
Additions	4,202	117,432	121,634
Disposals	-	(61,240)	(61,240)
At 31 December 2018	129,600	236,120	365,720
Depreciation and impairment			
At 1 January 2018	113,415	116,186	229,601
Depreciation charged in the year	6,437	25,156	31,593
Eliminated in respect of disposals	-	(40,072)	(40,072)
At 31 December 2018	119,852	101,270	221,122
Carrying amount			
At 31 December 2018	9,748	134,850	144,598
At 31 December 2017	11,983	63,742	75,725

14 Investment property

	Group 2018 £	Company 2018 £
Fair value		
At 1 January 2018	-	18,390,891
Additions through external acquisition	-	1,302,446
Net gains or losses through fair value adjustments	-	94,607
At 31 December 2018	-	19,787,944

The fair value of the investment property has been determined by the directors based on the property yield basis by reference to market evidence of prices for similar properties.

15 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	16	-	-	477,203	477,203
Listed investments		1,017,310	1,112,813	1,017,310	1,112,813
Unlisted investments		216	216	216	216
		1,017,526	1,113,029	1,494,729	1,590,232
Listed investments included above:					
Listed investments carrying amount		1,017,310	1,112,813	1,017,310	1,112,813

Fixed asset investments revalued

The listed investments are held at market value: all other investments are held at cost.

15 Fixed asset investments **(Continued)**

Movements in fixed asset investments
Group

	Investments other than loans
	£
Cost or valuation	
At 1 January 2018	1,113,029
Additions	219,442
Valuation changes	(114,298)
Disposals	(200,647)
At 31 December 2018	1,017,526
Carrying amount	
At 31 December 2018	1,017,526
At 31 December 2017	1,113,029

Movements in fixed asset investments
Company

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2018	477,203	1,113,029	1,590,232
Additions	-	219,442	219,442
Valuation changes	-	(114,298)	(114,298)
Disposals	-	(200,647)	(200,647)
At 31 December 2018	477,203	1,017,526	1,494,729
Carrying amount			
At 31 December 2018	477,203	1,017,526	1,494,729
At 31 December 2017	477,203	1,113,029	1,590,232

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Arlington Property Company Limited	England and Wales	Dormant company	Ordinary	100.00	
Joseph Parr (Alco) Limited	England and Wales	Builders Merchant	Ordinary	99.90	
Joseph Parr (Middlesbrough) Limited	England and Wales	Builders Merchant	Ordinary	99.90	
Joseph Parr (Tyne & Wear) Limited	England and Wales	Dormant company	Ordinary	100.00	
Joseph Parr Limited	England and Wales	Builders Merchant	Ordinary	99.40	
Parr Rochdale Limited	England and Wales	Builders Merchant	Ordinary	99.90	
The Builders Supply Company Limited	Scotland	Builders Merchant	Ordinary	100.00	
W.& H.S.Emery Company Limited	England and Wales	Builders Merchant	Ordinary	99.34	

All of the subsidiaries are included in the consolidated accounts.

The following trading subsidiaries have not been audited in accordance with Section 479A of the Companies Act.

Company	Company number
Joseph Parr (Alco) Limited	00332493
Joseph Parr (Middlesbrough) Limited	00969846
Joseph Parr Limited	01471697
Parr Rochdale Limited	00449369
The Builders Supply Company Limited	SCO15129
W.& H.S.Emery Company Limited	00194760

17 Financial instruments

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	10,802,510	9,012,873	n/a	n/a
Equity instruments measured at cost less impairment	1,017,526	1,113,029	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	6,714,369	6,826,994	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

The listed investment are measured at open market value.

18 Stocks

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Finished goods and goods for resale	5,336,571	5,096,881	-	-

19 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	£	£	£	£
Trade debtors	9,779,300	8,737,221	-	-
Corporation tax recoverable	-	-	189,075	88,245
Amounts owed by group undertakings	-	-	1,229,013	1,237,212
Other debtors	1,428,385	483,308	1,402,607	477,466
Prepayments and accrued income	1,646,928	1,818,556	24,042	10,225
	12,854,613	11,039,085	2,844,737	1,813,148
Amounts falling due after more than one year:				
Deferred tax asset (note 21)	269,270	384,981	-	-
Total debtors	13,123,883	11,424,066	2,844,737	1,813,148

19 Debtors **(Continued)**

Trade debtors disclosed above are measured at amortised cost.

An impairment loss of £425,293 (2017: £346,260) was recognised against trade debtors.

Amounts owed by group undertakings are interest free, have no fixed date of repayment and are repayable upon demand.

20 Creditors: amounts falling due within one year

	Group 2018 £	2017 £	Company 2018 £	2017 £
Trade creditors	5,825,459	6,009,754	-	-
Amounts owed to group undertakings	-	-	3,924,337	3,428,193
Corporation tax payable	278,863	453,660	-	-
Other taxation and social security	1,060,923	894,035	252,196	220,437
Accruals and deferred income	888,910	817,240	289,744	167,626
	8,054,155	8,174,689	4,466,277	3,816,256

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
ACAs	-	-	(74,227)	(39,885)
Retirement benefit obligations	-	-	351,200	452,000
Investments	-	-	(7,703)	(27,134)
	-	-	269,270	384,981

Company	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
ACAs	19,280	2,514	-	-
Retirement benefit obligations	(351,200)	(452,000)	-	-
Investment property revaluation	439,472	510,597	-	-
Investments	7,703	27,134	-	-
	115,255	88,245	-	-

21 Deferred taxation **(Continued)**

Movements in the year:	**Group 2018 £**	**Company 2018 £**
Liability/(asset) at 1 January 2018	(384,981)	88,245
Credit to profit or loss	(53,289)	(141,990)
Charge to other comprehensive income	169,000	169,000
Liability/(asset) at 31 December 2018	(269,270)	115,255

22 Retirement benefit schemes

Defined contribution schemes	**2018 £**	**2017 £**
Charge to profit or loss in respect of defined contribution schemes	254,769	238,958

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees. Under the scheme the employees are entitled to retirement benefits based on their length of service up to a maximum of 67% of their final salary on attainment of a retirement age of 65. No other post retirement benefits are provided.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 21 November 2017 by T Laws (Fellow of the Institute of Actuaries) relating to 31 December 2016, The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions	**2018 %**	**2017 %**
Discount rate	3.00	2.65
Expected rate of increase of pensions in payment	3.35	3.35
Expected rate of salary increases	3.00	3.00
Inflation assumption RPI	3.40	3.40
Inflation assumption CPI	2.70	2.70
Medical cost trend rate	2.70	3.00

22 Retirement benefit schemes **(Continued)**

Mortality assumptions	2018	2017
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	87.3	87.5
- Females	89.2	89.6
Retiring in 20 years		
- Males	89	89.7
- Females	91	91.9

	2018	2017
Amounts recognised in the profit and loss account	£	£
Current service cost	420,000	418,000
Net interest on defined benefit liability/(asset)	75,000	62,000
Other costs and income	-	2,000
Total costs	495,000	482,000

	2018	2017
Amounts taken to other comprehensive income	£	£
Actual return on scheme assets	(251,000)	63,000
Less: calculated interest element	105,000	111,000
Return on scheme assets excluding interest income	(146,000)	174,000
Actuarial changes related to obligations	(850,000)	34,000

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Present value of defined benefit obligations	6,338,000	6,587,000	6,338,000	6,587,000
Fair value of plan assets	(4,272,000)	(3,928,000)	(4,272,000)	(3,928,000)
Deficit in scheme	2,066,000	2,659,000	2,066,000	2,659,000

22 Retirement benefit schemes **(Continued)**

Movements in the present value of defined benefit obligations	Group 2018 £	Company 2018 £
Liabilities at 1 January 2018	6,587,000	6,587,000
Current service cost	420,000	420,000
Benefits paid	(21,000)	(21,000)
Contributions from scheme members	22,000	22,000
Actuarial gains and losses	(850,000)	(850,000)
Interest cost	180,000	180,000
At 31 December 2018	6,338,000	6,338,000

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets	Group 2018 £	Company 2018 £
Fair value of assets at 1 January 2018	3,928,000	3,928,000
Interest income	105,000	105,000
Return on plan assets (excluding amounts included in net interest)	146,000	146,000
Benefits paid	(21,000)	(21,000)
Contributions by the employer	92,000	92,000
Contributions by scheme members	22,000	22,000
At 31 December 2018	4,272,000	4,272,000

Fair value of plan assets at the reporting period end

	Group 2018 £	2017 £	Company 2018 £	2017 £
Equity instruments	2,163,000	1,921,000	2,163,000	1,921,000
Debt instruments	1,288,000	1,124,000	1,288,000	1,124,000
Property	457,000	355,000	457,000	355,000
Annuities	296,000	448,000	296,000	448,000
Cash	68,000	80,000	68,000	80,000
	4,272,000	3,928,000	4,272,000	3,928,000

23 Share capital

	Group and company	
	2018	2017
Ordinary share capital	£	£
Issued and fully paid		
16,150 Ordinary shares of £1 each	16,150	16,150
5,789 'A' Ordinary shares of £1 each	5,789	5,789
	21,939	21,939

There is no priority on the payment of dividends between the Ordinary shares and the 'A' Ordinary shares.

On a return of assets, priority is given to the holders of the 'A' Ordinary shares to the sum of £1 per share followed by payment to the holders of the Ordinary shares to the sum of £1 per share. After repayment of the share capital, the Ordinary shares and the 'A' Ordinary shares rank pari passu in proportion to the amounts paid up, or credited as paid up, on the shares held by them respectively.

The Ordinary shares and 'A' Ordinary shares of the company each confer upon the holder the right to exercise one vote when a poll is demanded.

24 Financial commitments, guarantees and contingent liabilities

Each company in the group has given a joint and several guarantee and a fixed and floating charge to the group bankers. At the balance sheet date the maximum liability for the company amounted to £nil (2017: £nil).

25 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	1,024,000	986,082	-	-
Between two and five years	2,622,336	509,121	-	-
In over five years	29,487	-	-	-
	3,675,823	1,495,203	-	-

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Acquisition of intangible assets	332,936	-	332,936	-

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	1,251,630	1,158,653

28 Controlling party

The ultimate controlling party is Mr RA Lomas.

Mr R A Lomas is a director of Joseph Parr Group Limited and is the ultimate controlling party of the company.

29 Cash generated from group operations

	2018	2017
	£	£
Profit for the year after tax	2,276,873	2,598,339
Adjustments for:		
Taxation charged	576,563	669,027
Finance costs	75,036	62,021
Investment income	(84,476)	(47,070)
Depreciation and impairment of tangible fixed assets	594,766	584,583
Amounts written off investments	122,201	(38,421)
Pension scheme non-cash movement	328,000	333,000
Movements in working capital:		
(Increase) in stocks	(239,690)	(960,849)
(Increase) in debtors	(1,815,528)	(1,390,373)
Increase in creditors	54,263	710,853
Cash generated from operations	1,888,008	2,521,110