

Registration number: 00316088

H.Evans & Sons Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2016

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H.Evans & Sons Limited

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H.Evans & Sons Limited

Company Information

Directors	Mr K Baker Mr R T Evans Mr JS Evans Mr A R B Evans
Company secretary	Mr R T Evans
Registered office	Ruxley Manor Nursery Maidstone Road SIDCUP Kent DA14 5BQ
Solicitors	Woolsey Morris & Kennedy 100 Station Road SIDCUP Kent DA15 7DT
Bankers	HSBC Bank Plc 83 High Street Sidcup Kent DA14 6DN
Auditors	McBrides Accountants LLP Nexus House Cray Road Sidcup Kent DA14 5DA

H.Evans & Sons Limited

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of H Evans & Sons Limited (the Company) during the year was that of a holding company for a Group of businesses working within Garden Centre retailing and also within education through the operation of a private children's day nursery.

In addition the Company operates a property portfolio comprised of a small number of commercial and residential properties.

Fair review of the business

The core business of the Company is the provision of management and administrative services to the other companies within the Group. The services provided include the ongoing delivery of a payroll, accounting, treasury and general administrative function as well as support to those companies in a variety of one-off projects. The management charges made for those services provided during 2016 decreased slightly, by around 4.5%, reflecting a decrease in costs within the holding company due to improved efficiencies. This reduction in income has had no significant impact on the holding company's overall profitability.

The other main revenue stream of the Company is from the rental of both commercial and residential properties. Commercial rental income increased again in 2016 as a result of the acquisition and letting of a further property in the second half of the year.

Residential revenues fell back by just under 7% in the year due to empty periods experienced where some properties required extensive maintenance work after long term occupants had relinquished their tenancies. It continues to be the company's policy that it will maintain its property portfolio to the highest possible standard consistent with the revenue generated by those properties.

The Directors have considered the valuation of the investment property portfolio now currently carried within the accounts and believe that it represents a true reflection of the portfolio's market valuation as at the 31 December 2016.

RETAIL OPERATIONS

Our retail activity is operated from a single Garden Centre site and consists of the retail sale of garden supplies, furniture and leisure products. We also have an extensive food and beverage offering and run a significant events programme throughout the year all designed to make our garden centre a true destination shopping and leisure experience.

H.Evans & Sons Limited

Strategic Report for the Year Ended 31 December 2016

Retail Sales

A substantial redevelopment of our store infrastructure was carried out during the year and this had the anticipated detrimental effect on both our turnover and our profitability for the year. Building work began in our Lifestyle area immediately after the Spring trading period and continued on throughout the summer. Completion of the works was scheduled for the start of September in time to allow us to prepare for the Christmas trading period but unfortunately the project overrun slightly, delaying our Christmas opening by a week.

The first quarter performance was disappointing despite the reasonable weather. Sales fell by just under 3% from 2015 as a result of a drop in customer numbers rather than basket size. Gross margin however was slightly up reflective of the fact that our January sale was less extensive than normal.

Despite the redevelopment work not starting until June the Spring trading period was still affected as our retail area had to be progressively reduced as parts of the Garden Centre were handed over to the contractor's for their preparatory work. This necessitated a reduction in our stockholding which resulted in lower availability of product for our customer's thus reducing sales.

Sales for the third quarter were seriously affected by the redevelopment, falling by over 16% compared to 2015. Customer numbers dropped dramatically by just under 21% primarily because of the reduced retail area available to be stocked and shopped.

Because of the project overrun the fourth quarter period started very slowly but by the end of the year sales in the quarter pulled level with the previous year with customer numbers and average spend showing almost no variation.

The year finished with sales just over 4% down on the previous year despite a drop in customer numbers of almost 7%. Gross trading margin also fell slightly in the year but actually remained above our expected levels. These results were in line with expectations after factoring in the disruption to trade caused by the redevelopment. It is expected that the full benefit of the rebuild will now be seen in 2017.

Food and Catering Sales

The Food Hall has now become an established part of the Ruxley brand with a regular customer base returning to shop on a weekly basis supplemented with other people shopping specifically for the higher end products that we have introduced. Turnover has been increasing steadily since the Food Hall opened and 2016 showed further healthy sales growth of just under 4%. A continuing issue however is the static level of the average basket with growth relying on increased footfall. We are continually looking at our product range and a particular focus in 2017 will be to increase customer average spend.

The overall contribution to the company's profits of the Mulberry Tree restaurant fell in absolute terms in 2016 but as a percentage of our overall profit actually increased. Despite the redevelopment work in the main Garden Centre area catering customer numbers actually increased. We feel that this demonstrates that many of the customers of the Mulberry Tree actually visit the Garden Centre specifically for the restaurant and were not deterred by the building works. Continued effort is being made to keep the menu affordable and attractive and some emphasis has been put on promoting dining for an occasion with a range of Afternoon Teas being introduced that can be booked in advance online.

H.Evans & Sons Limited

Strategic Report for the Year Ended 31 December 2016

Leisure

Our Events programme again proved to be successful with tickets for all of our major activities selling at or above expectations with net income from this revenue stream increasing by just over 13% in 2016. It is recognised that the success of our ticketed events has a positive impact on footfall in the retail area of the business and that it has a growing impact on customer numbers in the Mulberry Tree. Further development of the events programme is planned for 2017 to maximise this opportunity.

CHILDCARE OPERATIONS

A further setting was acquired during the year to enable us to capitalise on the expertise that has been acquired within the Group since the inception of our childcare operation. The building required substantial redevelopment to bring it up to the standard set by our existing nursery so it is planned to open in the Spring of 2017 after the completion of the necessary building works.

This new site is able to accommodate 73 children thus bringing our overall capacity up to 193 children. The existing nursery operates from two buildings located on the same site with a total capacity of 120 children. One building is a 17th Century Manor House in which we accommodate the older children while the other building is a more modern setting that is used for the younger children.

The nursery is regulated by OFSTED and was last inspected in early 2013. The Directors of the Company are very proud to say that after that inspection, the second since opening, we were again awarded "Outstanding" status.

Due to the start up costs of the new setting the overall profit from this business sector for 2016 is below the previous year. On a like for like basis profits have remained static due to a small fall in occupancy but it is anticipated that this will turnaround in 2017.

KEY PERFORMANCE INDICATORS

Due to the diverse nature of the Group's operations there are various key performance indicators that the Board utilise to measure the effectiveness and success of each individual business and the Group as a whole.

Each business in the Group is firstly measured against target levels of: -

- 1) Profit for the period, and
- 2) Net cash flow from operations

Then within the different operational areas there are additional sector appropriate measures as follows: -

Retail Operations

- 1) Gross Margin Percentage
- 2) Footfall
- 3) Average Spend per Customer

H.Evans & Sons Limited

Strategic Report for the Year Ended 31 December 2016

Childcare Operations

1) Occupancy Levels

When measuring the performance of the Group against those key performance indicators the Directors consider that both the results for the year and the position of the company as at the year-end are satisfactory.

Principal risks and uncertainties


The Directors have considered the implications of risk to the Group and feel that other than the normal commercial risks involved in running a business there are no specific risks that have to be considered.

For those commercial risks that are insurable the company maintains adequate insurance cover and meets regularly with its advisor to ensure that this is always kept up to date. For all other risks the Directors consider that the Group's internal procedures are adequate to both identify risk and to minimise the Group's exposure to that risk wherever possible.

The Group operates a treasury function that is responsible for managing the liquidity, interest and foreign currency risks associated with its activities. The Group's principal financial instruments are financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. In accordance with the Group's treasury policy, derivative instruments are not entered into for speculative purposes. The Group manages its cash and borrowing requirements in order to maximise total interest income and to minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of the business.

The Group's principal foreign currency exposures arise from trading with overseas companies. Investments of cash surpluses and borrowings are made through banks and institutions that must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures and trade debtors are reviewed on a regular basis and provision made for doubtful debts when necessary.

Approved by the Board on 31/1/18 and signed on its behalf by:


Mr K Baker
Director

H.Evans & Sons Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the for the year ended 31 December 2016.

Directors of the group

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

Mr K Baker

Mr R T Evans - Company secretary and director

Mr JS Evans

Mr A R B Evans

Financial instruments

Objectives and policies, price risk, credit risk, liquidity risk and cash flow risk

The Group operates a treasury function that is responsible for managing the liquidity, interest and foreign currency risks associated with its activities. The Group's principal financial instruments are financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. In accordance with the Group's treasury policy, derivative instruments are not entered into for speculative purposes. The Group manages its cash and borrowing requirements in order to maximise total interest income and to minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of the business.

The Group's principal foreign currency exposures arise from trading with overseas companies. Investments of cash surpluses and borrowings are made through banks and institutions that must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures and trade debtors are reviewed on a regular basis and provision made for doubtful debts when necessary.

Employment of disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

H.Evans & Sons Limited

Directors' Report for the Year Ended 31 December 2016

Future developments

Following on from the building work undertaken in 2016 further investment will continue to be made in the infrastructure of our retail site in order to further enhance our customers shopping experience. Agreement has been reached with the same contractor that delivered the successful Lifestyle Department redevelopment to carry out a refurbishment of other areas of the Garden Centre in 2017 and discussions are underway for a further programme of renovation during the summer of 2018.

The Board are confident that both the business and our customers will benefit greatly from this investment, and that it will further strengthen our position to take advantage of the great opportunities that exist in our steadily expanding market place.

Given the Groups success in the childcare sector we will continue to look to expand that business through the opening of a third nursery setting. We are very clear in our preferred geographical location for the setting but as of this moment no actual site has been identified as a potential acquisition.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 31/1/18 and signed on its behalf by:



Mr K Baker
Director

H.Evans & Sons Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 apply them consistently;
- make judgements 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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.

H.Evans & Sons Limited

Independent Auditor's Report to the Members of H.Evans & Sons Limited

We have audited the financial statements of H.Evans & Sons Limited for the year ended 31 December 2016, set out on pages 11 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 8), 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 (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

H.Evans & Sons Limited

Independent Auditor's Report to the Members of H.Evans & Sons Limited

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Andrew Warren (Senior Statutory Auditor)

For and on behalf of McBrides Accountants LLP, Statutory Auditor

Nexus House
Cray Road
Sidcup
Kent
DA14 5DA

Date: 31/1/18

H.Evans & Sons Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	11,885,043	11,851,314
Cost of sales		<u>(5,638,760)</u>	<u>(5,678,699)</u>
Gross profit		6,246,283	6,172,615
Distribution costs		(2,745,489)	(2,395,577)
Administrative expenses		(3,217,463)	(2,938,848)
Other operating income	4	<u>307,880</u>	<u>303,319</u>
Operating profit		591,211	1,141,509
Fair value gains on investment properties		426,454	397,579
Other interest receivable and similar income	6	19	-
Interest payable and similar charges	7	<u>(49,966)</u>	<u>(48,566)</u>
Profit before tax		967,718	1,490,522
Taxation	11	<u>(204,790)</u>	<u>(373,962)</u>
Profit for the financial year		<u><u>762,928</u></u>	<u><u>1,116,560</u></u>

The notes on pages 18 to 37 form an integral part of these financial statements.

H.Evans & Sons Limited

**Consolidated Statement of Comprehensive Income for the Year Ended 31
December 2016**

	2016	2015
	£	£
Profit for the year	<u>762,928</u>	<u>1,116,560</u>
Total comprehensive income for the year	<u><u>762,928</u></u>	<u><u>1,116,560</u></u>

H.Evans & Sons Limited

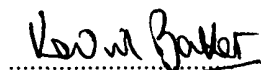
(Registration number: 00316088)

Consolidated Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	10,539,717	8,724,205
Investment property	13	<u>4,435,270</u>	<u>4,008,816</u>
		<u>14,974,987</u>	<u>12,733,021</u>
Current assets			
Stocks	15	852,211	947,873
Debtors	16	1,270,145	1,115,347
Cash at bank and in hand		<u>1,841,366</u>	<u>2,873,049</u>
		3,963,722	4,936,269
Creditors: Amounts falling due within one year	18	<u>(2,350,135)</u>	<u>(2,434,131)</u>
Net current assets		<u>1,613,587</u>	<u>2,502,138</u>
Total assets less current liabilities		16,588,574	15,235,159
Creditors: Amounts falling due after more than one year	18	(1,777,163)	(1,232,447)
Provisions for liabilities	11	<u>(1,389,900)</u>	<u>(1,344,129)</u>
Net assets		<u>13,421,511</u>	<u>12,658,583</u>
Capital and reserves			
Called up share capital	20	1,803,010	1,803,010
Capital redemption reserve		3,530	3,530
Revaluation reserve		3,013,118	3,013,118
Retained earnings	21	<u>8,601,853</u>	<u>7,838,925</u>
Total equity		<u>13,421,511</u>	<u>12,658,583</u>

Under the companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

Approved and authorised by the Board on 31/1/18 and signed on its behalf by:



Mr K Baker

Director

The notes on pages 18 to 37 form an integral part of these financial statements.

H.Evans & Sons Limited

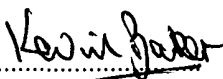
(Registration number: 00316088)
Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	8,336,211	7,497,815
Investment property	13	4,435,270	4,008,816
Investments	14	<u>1,494,970</u>	<u>1,494,970</u>
		<u>14,266,451</u>	<u>13,001,601</u>
Current assets			
Debtors	16	976,269	1,146,451
Cash at bank and in hand		<u>72,241</u>	<u>9,700</u>
		1,048,510	1,156,151
Creditors: Amounts falling due within one year	18	<u>(2,002,545)</u>	<u>(1,826,994)</u>
Net current liabilities		<u>(954,035)</u>	<u>(670,843)</u>
Total assets less current liabilities		13,312,416	12,330,758
Creditors: Amounts falling due after more than one year	18	(1,777,163)	(1,232,447)
Provisions for liabilities	11	<u>(1,250,721)</u>	<u>(1,196,677)</u>
Net assets		<u>10,284,532</u>	<u>9,901,634</u>
Capital and reserves			
Called up share capital	20	1,803,010	1,803,010
Capital redemption reserve		3,530	3,530
Revaluation reserve		3,013,118	3,013,118
Retained earnings	21	<u>5,464,874</u>	<u>5,081,976</u>
Total equity		<u>10,284,532</u>	<u>9,901,634</u>

In accordance with section 408 of the Companies Act 2006, the individual parent company profit and loss account has been omitted from the group financial statements. The company made a profit after tax for the financial year of £382,898 (2015 - profit of £391,972).

Under the companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

Approved and authorised by the Board on 31/1/18 and signed on its behalf by:


Mr K Baker
Director

The notes on pages 18 to 37 form an integral part of these financial statements.
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H.Evans & Sons Limited

**Consolidated Statement of Changes in Equity for the
Year Ended 31 December 2016**

	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2016	1,803,010	3,530	3,013,118	7,838,925	12,658,583
Profit for the year	-	-	-	762,928	762,928
Total comprehensive income	-	-	-	762,928	762,928
At 31 December 2016	<u>1,803,010</u>	<u>3,530</u>	<u>3,013,118</u>	<u>8,601,853</u>	<u>13,421,511</u>

	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2015	1,803,010	3,530	3,013,118	6,722,365	11,542,023
Profit for the year	-	-	-	1,116,560	1,116,560
Total comprehensive income	-	-	-	1,116,560	1,116,560
At 31 December 2015	<u>1,803,010</u>	<u>3,530</u>	<u>3,013,118</u>	<u>7,838,925</u>	<u>12,658,583</u>

H.Evans & Sons Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2016	1,803,010	3,530	3,013,118	5,081,976	9,901,634
Profit for the year	-	-	-	382,898	382,898
Total comprehensive income	-	-	-	382,898	382,898
At 31 December 2016	<u>1,803,010</u>	<u>3,530</u>	<u>3,013,118</u>	<u>5,464,874</u>	<u>10,284,532</u>

	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2015	1,803,010	3,530	3,013,118	4,690,004	9,509,662
Profit for the year	-	-	-	391,972	391,972
Total comprehensive income	-	-	-	391,972	391,972
At 31 December 2015	<u>1,803,010</u>	<u>3,530</u>	<u>3,013,118</u>	<u>5,081,976</u>	<u>9,901,634</u>

The notes on pages 18 to 37 form an integral part of these financial statements.
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H.Evans & Sons Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		762,928	1,116,560
Adjustments to cash flows from non-cash items			
Depreciation	5	546,669	507,889
Profit on disposal of property plant and equipment		-	(90)
Other (losses) / gains		(426,454)	(397,669)
Finance income	6	(19)	-
Finance costs	7	49,966	48,566
Corporation tax	11	204,790	373,962
		<u>1,137,880</u>	<u>1,649,218</u>
Working capital adjustments			
Decrease/(increase) in stock	15	95,662	(103,795)
Increase in trade and other debtors	16	(154,798)	(179,808)
(Decrease)/increase in trade and other creditors	18	(61,856)	339,847
		<u>1,016,888</u>	<u>1,705,462</u>
Cash generated from operations		1,016,888	1,705,462
Corporation tax paid	11	(233,878)	(290,231)
Net cash flow from operating activities		<u>783,010</u>	<u>1,415,231</u>
Cash flows from investing activities			
Interest received		19	-
Acquisitions of property plant and equipment		(2,362,181)	(314,616)
Proceeds from sale of property plant and equipment		-	315
Net cash flows from investing activities		<u>(2,362,162)</u>	<u>(314,301)</u>
Cash flows from financing activities			
Interest paid	7	(49,966)	(48,566)
Proceeds from bank borrowing draw downs		820,000	-
Repayment of bank borrowing		(222,565)	(184,130)
Net cash flows from financing activities		<u>547,469</u>	<u>(232,696)</u>
Net (decrease)/increase in cash and cash equivalents		(1,031,683)	868,234
Cash and cash equivalents at 1 January		<u>2,873,049</u>	<u>2,004,815</u>
Cash and cash equivalents at 31 December	17	<u><u>1,841,366</u></u>	<u><u>2,873,049</u></u>

The notes on pages 18 to 37 form an integral part of these financial statements.

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is incorporated and domiciled in United Kingdom.

The address of its registered office is:

Ruxley Manor Nursery
Maidstone Road
SIDCUP
Kent
DA14 5BQ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report together with a summary of the key business risks the group faces. Despite the current uncertain economic outlook, the directors believe that the group is well placed to manage its business risks successfully, and to maintain positive cashflows for the foreseeable future. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2016.

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the group's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Tax

The tax expense for the period comprises current and deferred tax.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity.

Tangible assets

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

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

Depreciation

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

Asset class	Depreciation method and rate
Freehold buildings	2% reducing balance
Buildings, office blocks and improvements	4% straight line
Plant and machinery	20% straight line
Computer equipment	25% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	25% reducing balance

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by the directors with reference to external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Investments

Fixed asset investments are included in the balance sheet at historical cost less any diminution in value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Trade and other debtors

Trade and other debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment, except where the effect of discounting would be immaterial. In such cases debtors are stated at transaction price less impairment losses. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the transaction.

Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

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

Trade and other creditors

Trade and other creditors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial. In such cases creditors are stated at transaction price.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

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

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial assets are classified as financial assets at fair value through profit or loss, loans and debtors, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial assets at initial recognition.

Financial liabilities are classified as financial liabilities at fair value through profit and loss, loans and borrowings, trade and other creditors, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial liabilities at initial recognition.

Recognition and measurement

All financial instruments are recognised initially at fair value plus transaction costs. Thereafter financial instruments are stated at amortised cost using the effective interest rate method (less impairment where appropriate) unless the effect of discounting would be immaterial in which case they are stated at cost (less impairment where appropriate). The exception to this are those financial instruments where it is a requirement to continue recording them at fair value through profit and loss.

Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 of the investment have been affected.

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2016	2015
	£	£
Sale of goods	10,236,957	10,265,833
Rendering of services	<u>1,648,086</u>	<u>1,585,481</u>
	<u>11,885,043</u>	<u>11,851,314</u>

The analysis of the group's revenue for the year by class of business is as follows:

	2016	2015
	£	£
Management and administration services	42,000	42,000
Garden centre activities	10,236,957	10,265,833
Private children's day nursery	<u>1,606,086</u>	<u>1,543,481</u>
	<u>11,885,043</u>	<u>11,851,314</u>

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

	2016	2015
	£	£
UK	<u>11,885,043</u>	<u>11,851,314</u>

4 Other operating income

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

	2016	2015
	£	£
Rental income	<u>307,880</u>	<u>303,319</u>

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

5 Operating profit

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation	546,669	507,889
Foreign exchange (losses)/gains	(15,894)	14,887
Operating lease expense - plant and machinery	18,204	19,496
Profit on disposal of property, plant and equipment	<u>-</u>	<u>(90)</u>

6 Other interest receivable and similar income

	2016 £	2015 £
Interest receivable	<u>19</u>	<u>-</u>

7 Interest payable and similar expenses

	2016 £	2015 £
Interest on bank overdrafts and borrowings	49,037	48,346
Interest expense on other finance liabilities	<u>929</u>	<u>220</u>
	<u>49,966</u>	<u>48,566</u>

8 Staff costs

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

	2016 £	2015 £
Wages and salaries	3,592,404	3,349,523
Social security costs	240,583	219,724
Pension costs, defined contribution scheme	<u>59,447</u>	<u>62,986</u>
	<u>3,892,434</u>	<u>3,632,233</u>

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

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

	2016 No.	2015 No.
Administration	16	16
Sales and distribution	180	178
Management	7	9
Security and garden	21	21
Nursery and childcare	42	45
	<u>266</u>	<u>269</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	457,878	441,731
Contributions paid to money purchase schemes	36,152	22,832
	<u>494,030</u>	<u>464,563</u>

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

	2016 No.	2015 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2016 £	2015 £
Remuneration	<u>147,031</u>	<u>122,988</u>

10 Auditors' remuneration

	2016 £	2015 £
Audit of these financial statements	<u>3,750</u>	<u>3,750</u>

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

11 Tax

Tax charged/(credited) in the profit and loss account

	2016 £	2015 £
Current taxation		
UK corporation tax	142,703	241,102
UK corporation tax adjustment to prior periods	<u>16,316</u>	<u>(2,628)</u>
	159,019	238,474
Deferred taxation		
Arising from origination and reversal of timing differences	<u>45,771</u>	<u>135,488</u>
Tax expense in the profit and loss account	<u><u>204,790</u></u>	<u><u>373,962</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - lower) of 20% (2015 - 20%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>967,718</u>	<u>1,490,522</u>
Corporation tax at standard rate	193,544	298,104
Effect of revenues exempt from taxation	(85,291)	(79,516)
Effect of expense not deductible in determining taxable profit (tax loss)	5,640	4,490
Effect of tax losses	(1,424)	1,424
Deferred tax movement	45,771	135,488
Change in tax rates	-	2,076
Tax increase (decrease) from effect of capital allowances and depreciation	28,522	11,893
Other	1,712	2,631
Adjustment for prior year	<u>16,316</u>	<u>(2,628)</u>
Total tax charge	<u><u>204,790</u></u>	<u><u>373,962</u></u>

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Deferred tax

Group

Deferred tax assets and liabilities

	Liability £
2016	
Difference between accumulated depreciation and amortisation and capital allowances	299,668
Revaluation of property	<u>1,090,232</u>
	<u>1,389,900</u>

	Liability £
2015	
Difference between accumulated depreciation and amortisation and capital allowances	311,482
Revaluation of property	<u>1,032,647</u>
	<u>1,344,129</u>

Company

Deferred tax assets and liabilities

	Liability £
2016	
Difference between accumulated depreciation and amortisation and capital allowances	160,489
Revaluation of property	<u>1,090,232</u>
	<u>1,250,721</u>

	Liability £
2015	
Difference between accumulated depreciation and amortisation and capital allowances	164,030
Revaluation of property	<u>1,032,647</u>
	<u>1,196,677</u>

In April 2017, the UK Corporation tax rate was changed from 20% to 19%, effective from 1 April 2017. The deferred tax balance at 31 December 2016 is measured at the revised rate of 19%, the balance at 31 December 2015 is measured at the previous rate of 20%.

Based on current capital investment plans the company expects future timing differences between depreciation and capital allowances to remain at a similar level to the current year.

The Government announced in July 2015 its intention to reduce the UK corporation tax rate to 17% by 1 April 2020. The legislation dealing with this reduction in rates will be included in future Finance Acts.

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

12 Tangible assets

Group

	Freehold land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 January 2016	9,468,636	68,474	75,735	2,388,933	12,001,778
Additions	1,669,520	25,371	-	667,290	2,362,181
Disposals	<u>(81,864)</u>	<u>-</u>	<u>-</u>	<u>(98,296)</u>	<u>(180,160)</u>
At 31 December 2016	<u>11,056,292</u>	<u>93,845</u>	<u>75,735</u>	<u>2,957,927</u>	<u>14,183,799</u>
Depreciation					
At 1 January 2016	1,520,729	49,163	49,790	1,657,891	3,277,573
Charge for the year	263,143	8,393	5,792	269,341	546,669
Eliminated on disposal	<u>(81,864)</u>	<u>-</u>	<u>-</u>	<u>(98,296)</u>	<u>(180,160)</u>
At 31 December 2016	<u>1,702,008</u>	<u>57,556</u>	<u>55,582</u>	<u>1,828,936</u>	<u>3,644,082</u>
Carrying amount					
At 31 December 2016	<u>9,354,284</u>	<u>36,289</u>	<u>20,153</u>	<u>1,128,991</u>	<u>10,539,717</u>
At 31 December 2015	<u>7,947,907</u>	<u>19,311</u>	<u>25,945</u>	<u>731,042</u>	<u>8,724,205</u>

Revaluation

The fair value of the group's freehold buildings were revalued on 5 October 2013 by an independent valuer.

The group's freehold buildings were revalued by Caxtons, Chartered Surveyors on a fair value basis. This assessment of fair value was prepared in accordance with the Practice Statements in the RICS Valuation - Professional Standards 2014 including the International Valuation Standards.

This valuation has been taken as deemed cost on transition to FRS102.

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Company

	Freehold land and buildings £	Other property, plant and equipment £	Total £
Cost or valuation			
At 1 January 2016	7,514,500	458,474	7,972,974
Additions	<u>969,431</u>	<u>56,665</u>	<u>1,026,096</u>
At 31 December 2016	<u>8,483,931</u>	<u>515,139</u>	<u>8,999,070</u>
Depreciation			
At 1 January 2016	297,574	177,585	475,159
Charge for the year	<u>151,006</u>	<u>36,694</u>	<u>187,700</u>
At 31 December 2016	<u>448,580</u>	<u>214,279</u>	<u>662,859</u>
Carrying amount			
At 31 December 2016	<u>8,035,351</u>	<u>300,860</u>	<u>8,336,211</u>
At 31 December 2015	<u>7,216,926</u>	<u>280,889</u>	<u>7,497,815</u>

Revaluation

The fair value of the company's freehold buildings was revalued on 5 October 2013 by an independent valuer.

The company's freehold buildings were revalued by Caxtons, Chartered Surveyors on a fair value basis. This assessment of fair value was prepared in accordance with the Practice Statements in the RICS Valuation - Professional Standards 2014 including the International Valuation Standards.

This value has been taken as deemed cost on transition to FRS102.

13 Investment properties

Group

	2016 £
At 1 January and 31 December	4,008,816
Fair value adjustments	<u>426,454</u>
At 31 December	<u>4,435,270</u>

The group's investment properties were revalued by Caxtons Chartered Surveyors at 5 October 2013.

The directors have reviewed the fair value of the investment properties and revalued them based on the change in property price indices.

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Company

	2016 £
At 1 January and 31 December	4,008,816
Fair value adjustments	<u>426,454</u>
At 31 December	<u><u>4,435,270</u></u>

The company's investment properties were revalued by Caxtons Chartered Surveyors at 5 October 2013.

The directors have reviewed the fair value of the investment properties and revalued them based on the change in property price indices.

14 Investments

Company

	2016 £	2015 £
Investments in subsidiaries	<u>1,494,970</u>	<u>1,494,970</u>

Subsidiaries

	£
Cost or valuation	
At 1 January 2016	<u>1,971,628</u>
At 31 December 2016	<u>1,971,628</u>
Provision	
At 1 January 2016	<u>476,658</u>
At 31 December 2016	<u>476,658</u>
Carrying amount	
At 31 December 2016	<u><u>1,494,970</u></u>
At 31 December 2015	<u><u>1,494,970</u></u>

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	
		2016	2015
Subsidiary undertakings			
Ruxley Manor Garden Centre Limited	Ordinary	100%	100%
M & G Trollies Limited	Ordinary	100%	100%
H Evans & Sons (Covent Garden) Limited	Ordinary	100%	100%
Ruxley Manor Plants Limited	Ordinary	100%	100%
Grace's Day Nursery Limited	Ordinary	100%	100%

Subsidiary undertakings

The principal activity of Ruxley Manor Garden Centre Limited is the retail sale of garden equipment and furniture.

The principal activity of M & G Trollies Limited is that of a non trading dormant company.

The principal activity of H Evans & Sons (Covent Garden) Limited is that of a non trading dormant company.

The principal activity of Ruxley Manor Plants Limited is that of a non trading dormant company.

The principal activity of Grace's Day Nursery Limited is provision of a private children's day nursery.

The registered address of all subsidiary undertakings is Ruxley Manor Nursery, Maidstone Road, Sidcup, Kent, DA14 5BQ.

15 Stocks

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Finished goods and goods for resale	852,211	947,873	-	-

Group

The cost of stocks recognised as an expense in the year amounted to £4,903,542 (2015 - £4,983,164).

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Impairment of stocks

The amount of impairment loss included in profit or loss is £27,294 (2015 - £42,467).

The impairment loss is included in cost of sales.

16 Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	95,056	89,070	58,908	47,559
Amounts due from group companies	-	-	58,226	303,525
Other debtors	358,723	322,653	276,107	285,186
Prepayments	816,366	703,624	583,028	510,181
Total current trade and other debtors	<u>1,270,145</u>	<u>1,115,347</u>	<u>976,269</u>	<u>1,146,451</u>

An impairment loss of £6,461 (2015: £8,306) was recognised against trade debtors. The group also received £42,541 in respect of debts which had previously been written off.

17 Cash and cash equivalents

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash on hand	67,114	61,327	1,731	9,700
Cash at bank	<u>1,774,252</u>	<u>2,811,722</u>	<u>70,510</u>	<u>-</u>
	1,841,366	2,873,049	72,241	9,700
Bank overdrafts	<u>-</u>	<u>-</u>	<u>-</u>	<u>(735,718)</u>
Cash and cash equivalents in statement of cash flows	<u>1,841,366</u>	<u>2,873,049</u>	<u>72,241</u>	<u>(726,018)</u>

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

18 Creditors

		Group		Company	
	Note	2016 £	2015 £	2016 £	2015 £
Due within one year					
Loans and borrowings	19	243,907	191,188	243,907	926,906
Trade creditors		878,060	941,070	113,777	244,821
Amounts due to group companies		-	-	1,272,590	365,039
Social security and other taxes		554,347	452,827	107,550	25,583
Other creditors		251,051	302,963	127,569	181,827
Accruals		244,196	292,650	76,620	67,716
Corporation tax		178,574	253,433	60,532	15,102
		<u>2,350,135</u>	<u>2,434,131</u>	<u>2,002,545</u>	<u>1,826,994</u>
Due after one year					
Loans and borrowings	19	<u>1,777,163</u>	<u>1,232,447</u>	<u>1,777,163</u>	<u>1,232,447</u>

19 Loans and borrowings

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Non-current loans and borrowings				
Bank borrowings	<u>1,777,163</u>	<u>1,232,447</u>	<u>1,777,163</u>	<u>1,232,447</u>

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Current loans and borrowings				
Bank borrowings	243,907	191,188	243,907	191,188
Bank overdrafts	<u>-</u>	<u>-</u>	<u>-</u>	<u>735,718</u>
	<u>243,907</u>	<u>191,188</u>	<u>243,907</u>	<u>926,906</u>

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Group and Company

Bank borrowings

The first bank loan is denominated in Sterling with a nominal interest rate of 2.69% over base rate, and the final instalment is due on 22 October 2022. The carrying amount at year end is £1,230,907 (2015 - £1,423,635).

The second bank loan is denominated in Sterling with a nominal interest rate of 2.00% over base rate, and the final instalment is due on 31 July 2026. The carrying amount at year end is £790,163 (2015 - £Nil).

Bank loans and overdrafts are secured by fixed charge over the book debts of the company and floating charge on all other assets dated 17 May 1985. There is also a legal charge over the nursery site dated 18 June 1990, supplemental fixed charge over uncalled capital, goodwill and intellectual property rights dated 31 March 1992 and an unlimited multilateral guarantee dated 20 January 2011 with certain group members.

There is another legal charge over Scottish Equitable life policy dated 23 November 2012.

Finally a further fixed charge over all present freehold and leasehold property; fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and floating charge over all assets and undertaking both present and future dated 10 October 2012.

Repayments are made monthly on the bank loan representing principal and interest.

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

	2016	2015
	£	£
After more than five years by instalments	<u>724,045</u>	<u>402,237</u>

20 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,803,010</u>	<u>1,803,010</u>	<u>1,803,010</u>	<u>1,803,010</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

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

H.Evans & Sons Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

21 Reserves

Group and Company

The profit and loss account includes £2,991,502 (2015: £2,622,633) of non-distributable reserves relating to the revaluation of investment properties.

22 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	30,192	17,209
Later than one year and not later than five years	26,203	15,510
	<u>56,395</u>	<u>32,719</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £34,597 (2015 - £24,670).

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	35,978	35,978
Later than one year and not later than five years	143,912	143,912
Later than five years	148,955	184,933
	<u>328,845</u>	<u>364,823</u>

Company

Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	11,762	17,209
Later than one year and not later than five years	3,748	15,510
	<u>15,510</u>	<u>32,719</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £18,204 (2015 - £19,496).

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Notes to the Financial Statements for the Year Ended 31 December 2016

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	170,978	110,978
Later than one year and not later than five years	575,912	362,912
Later than five years	640,955	407,078
	<u>1,387,845</u>	<u>880,968</u>

23 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £59,447 (2015 - £62,986).

24 Related party transactions

Group and company

Transactions with directors

	At 1 January 2016 £	Advances to directors £	Repayments by director £	Other payments made to company by director £	At 31 December 2016 £
2016					
Director's loan account	8,067	2,945	(19,080)	-	(8,068)
Director's loan account	37,172	1,580	(5,476)	-	33,276
Director's loan account	171,726	410	(5,411)	-	166,725
				Other payments made to company by director £	At 31 December 2015 £
2015					
Director's loan account	4,280	3,787	-	-	8,067
Director's loan account	31,612	5,560	-	-	37,172
Director's loan account	249,836	-	(78,110)	-	171,726

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Notes to the Financial Statements for the Year Ended 31 December 2016

Directors' loans are interest free and repayable on demand.

25 Financial instruments

Group

Categorisation of financial instruments

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost	461,009	411,723
Financial liabilities measured at amortised cost	3,386,309	2,960,318

Credit and market risk

The group is at risk from its customers defaulting in making payments for rent and goods that have been supplied to them. The majority of the group's customers are cash based. To minimise the risk the group has a policy of only dealing with customers who have either demonstrated creditworthiness or can provide sufficient collateral. To determine previous creditworthiness the group makes use of independent rating agencies, other publicly available financial information and its own trading records. The group's exposure and its customers creditworthiness is continually monitored so that any potential problems are detected at an early stage.

Liquidity risk

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking facilities and reserve borrowing facilities. They do this by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow interest rate risk

The group is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The interest rates and terms of repayment are disclosed in Note 19 to the financial statements. The group's policy is to obtain the most favourable interest rates available on borrowings. The group does not use any derivative instruments to reduce its economic exposure to changes in interest rate.

Foreign currency risk

The group is exposed to currency risk on purchases, sales and borrowings that are denominated in a currency other than the respective functional which is Sterling. The group's balance sheet is exposed to movement in the GBP/US\$, GBP/EUR and GBP/HK\$.

Company

Categorisation of financial instruments

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost	393,241	636,270
Financial liabilities measured at amortised cost	3,603,558	2,575,688

26 Control

There was no ultimate controlling party throughout this or the previous period.