



Houston (Holdings) Limited
Directors' report and consolidated
financial statements
for the year ended 31 December 2016

Registered number: SC160042



Houston (Holdings) Limited

Directors' report and consolidated financial statements for the year ended 31 December 2016

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Houston (Holdings) Limited

Directors and advisors for the year ended 31 December 2016

Directors

A Hardie
J D Appleton

Company secretary

J D Appleton

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
144 Morrison Street
Edinburgh
EH3 8EX

Solicitors

Brodies LLP
2 Blythswood Square
Glasgow
G2 4AD

Registered office

The Royal Burgh Bakery
Livingston
West Lothian
EH54 5DN

Registered number

SC160042

Houston (Holdings) Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report of the Group, for the year ended 31 December 2016. The Group's registered number is SC160042.

The Group is principally engaged in the manufacturing and wholesaling of shortbread, oatcakes, biscuits, preserves, mustards and recipe sauces from its two plants in Scotland.

The results for the Group show a profit for the financial year of £1,131,225 (2015: £1,371,285) and turnover of £25,176,791 (2015: £23,758,108). An interim dividend of 1819p (2015: 3080p) per ordinary share was paid in the year. The directors do not recommend the payment of a final dividend (2015: £nil).

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

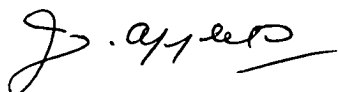
Principal risks and uncertainties facing the business

The principal risks and uncertainties affecting the business include the following:

- Ongoing volatility in commodity prices, and the company continues to manage this risk on an ongoing basis.

Future outlook

The Company has no debt, unlike many of its competitors, and has a strong balance sheet to support its future investment in developing new business.



On behalf of the Board

JD Appleton
Director

16 August 2017

Houston (Holdings) Limited

Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements of the Group, for the year ended 31 December 2016. The Group's registered number is SC160042.

Results for the year

The results for the year are set out in the Profit and Loss Account on Page 7. A commentary on the annual performance is included in the Strategic report on page 2.

Directors and their interests

The directors who held office during the year and up to the date of this report are shown on page 1. A Hardie and JD Appleton hold 100% of the voting rights of Houston (Holdings) Limited.

Principal risks and uncertainties facing the business

Details of the principal risks and uncertainties facing the business can be found in the Strategic Report on page 2.

Future outlook

Details of the company's future outlook can be found in the Strategic Report on page 2.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the Consolidated and the Company financial statements (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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, 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 company will continue in business.

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

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Houston (Holdings) Limited

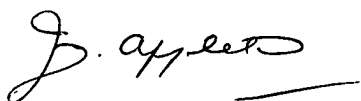
Directors Report for the year ended 31 December 2016

Independent Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware, and they have taken all the 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 Group's auditors are aware of that information.

The Group's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

On behalf of the Board



JD Appleton
Director
16 August 2017

Houston (Holdings) Limited

Independent auditor's report to the members of Houston (Holdings) Limited

Report on the financial statements

Our opinion

In our opinion, Houston (Holdings) Limited's group financial statements and company financial statements (the "financial statements"):

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

What we have audited

The financial statements, included within the Directors' report and consolidated financial statements (the "Annual Report"), comprise:

- the Consolidated and Company balance sheets as at 31 December 2016;
- the Consolidated profit and loss account and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated cash flows statement for the year then ended;
- the Consolidated and Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Houston (Holdings) Limited

Independent auditor's report to the members of Houston (Holdings) Limited

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 group's and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

18 August 2017

Houston (Holdings) Limited

Consolidated profit and loss account for the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	25,176,791	23,758,108
Cost of sales		(15,555,615)	(14,564,560)
Gross profit		9,621,176	9,193,548
Selling and distribution costs		(5,593,889)	(5,110,747)
Administrative expenses		(1,629,748)	(1,627,309)
Operating profit		2,397,539	2,455,492
Exceptional Item	5	(321,951)	-
Interest receivable and similar income	9	12,578	13,082
Interest payable and similar charges	9	(5)	(2)
Net interest receivable	9	12,573	13,080
Profit on ordinary activities before taxation		2,088,161	2,468,572
Tax on profit on ordinary activities	10	(472,083)	(509,562)
Profit for the financial year		1,616,078	1,959,010
Non-controlling interest		(484,853)	(587,725)
Profit for the year attributable to shareholders		1,131,225	1,371,285

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

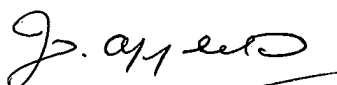
	2016 £	2015 £
Profit for the financial year	1,131,225	1,371,285
Other comprehensive income	-	-
Total comprehensive income for the year	1,131,225	1,371,285

Houston (Holdings) Limited

Consolidated balance sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	3,852,911	3,583,526
Current assets			
Inventories	13	2,495,897	2,435,840
Debtors	14	5,136,479	5,367,065
Cash at bank and in hand		4,575,247	4,155,703
		12,207,623	11,958,608
Creditors: amounts falling due within one year	15	(3,841,650)	(3,694,665)
Net current assets		8,365,973	8,263,943
Total assets less current liabilities		12,218,884	11,847,469
Creditors: Amount falling due after one year	16	(41,976)	-
Deferred taxation	17	(221,353)	(208,576)
Net assets		11,955,555	11,638,893
Capital and reserves			
Share capital	19	50,000	50,000
Capital reserve		1,065,908	1,091,080
Retained earnings		7,253,090	7,006,229
Equity shareholders' funds		8,368,998	8,147,309
Non-controlling interest		3,586,557	3,491,584
		11,955,555	11,638,893

The notes on pages 12 to 21 are integral part of the financial statements. The financial statements on pages 7 to 21 were approved by the board of directors on 16 August 2017 and were signed on its behalf by:



JD Appleton
Director

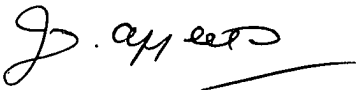
16 August 2017

Houston (Holdings) Limited

Company balance sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	12	50,400	50,400
Current assets			
Cash at bank and in hand		1,006	886
Net assets		51,406	51,286
Capital and reserves			
Share capital	19	50,000	50,000
Retained earnings			
At 1 January		1,286	1,137
Profit for the year attributable to the owners		909,656	1,540,149
Other changes in retained earnings		(909,536)	(1,540,000)
		1,406	1,286
Shareholders' funds		51,406	51,286

The notes on pages 12 to 21 are integral part of the financial statements. The financial statements on pages 7 to 20 were approved by the board of directors on 16 August 2017 and were signed on its behalf by:


JD Appleton
Director

16 August 2017

Houston (Holdings) Limited

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

	Called up share capital £	Capital reserve £	Retained earnings £	Total £	Non- controlling interest £	Total £
At 1 January 2015	50,000	1,137,003	7,129,048	8,316,051	3,563,954	11,880,005
Profit for the year	-	-	1,371,285	1,371,285	587,725	1,959,010
Dividends paid	-	-	(1,540,027)	(1,540,027)	(660,095)	(2,200,122)
Transfer to retained earnings	-	(45,923)	45,923	-	-	-
At 31 December 2015	50,000	1,091,080	7,006,229	8,147,309	3,491,584	11,638,893
Profit for the year	-	-	1,131,225	1,131,225	484,853	1,616,078
Dividends paid	-	-	(909,536)	(909,536)	(389,880)	(1,299,416)
Transfer to retained earnings	-	(25,172)	25,172	-	-	-
At 31 December 2016	50,000	1,065,908	7,253,090	8,368,998	3,586,557	11,955,555

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

	Called up share capital £	Retained earnings £	Total £
At 1 January 2015	50,000	1,137	51,137
Profit for the year	-	1,540,149	1,540,149
Dividends paid	-	(1,540,000)	(1,540,000)
At 31 December 2015	50,000	1,286	51,286
Profit for the year	-	909,656	909,620
Dividends paid	-	(909,536)	(909,500)
At 31 December 2016	50,000	1,406	51,406

Houston (Holdings) Limited

Consolidated cash flows statement for the year ended 31 December 2016

	Note	2016 £	2015 £
Net cash inflow from operating activities	18	2,955,470	2,893,373
Taxation paid		(571,401)	(554,886)
Net cash generated from operating activities		2,384,069	2,338,487
Cash flow from investing activities			
Purchase of tangible fixed assets		(677,682)	(447,548)
Interest received		12,578	13,082
Net cash used in investing activities		(665,104)	(434,466)
Cash flow from financing activities			
Dividends paid to:			
Owners of the entity		(909,536)	(1,540,027)
Non-controlling interest		(389,880)	(660,095)
Interest paid		(5)	(3)
Net cash used in Financing activities		(1,299,421)	(2,200,125)
Increase/ (decrease) in cash in the year		419,544	(296,104)
Cash at the beginning of the year		4,155,703	4,451,807
Cash at the end of the year		4,575,247	4,155,703

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12 (b) not to present the Company statement of cash flows.

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

Turnover

Turnover represents amounts chargeable to customers, exclusive of value added tax, for goods supplied during the year.

Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiary, which are both made up to 31 December 2016.

A separate cash flow statement and profit and loss account for the Company are not presented in accordance with Section 408 (2) of the Companies Act 2006. The Company made a profit for the year of £909,620 (2015: £1,540,149).

Current and deferred taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

Tangible assets and depreciation

Tangible assets are stated at cost less depreciation. Tangible assets are depreciated on a straight line basis to write the cost of the assets down to their residual values over their estimated useful lives as follows:

	Years
Buildings	5 - 50
Plant and equipment:	
- process equipment	1 - 20
- other plant and equipment	2 - 10
Fixtures and fittings	3 - 10
Motor vehicles	3 - 4

Capital work in progress is included in fixed assets and not depreciated until fully commissioned.

Investment in subsidiary

Investments in subsidiary undertakings in the Company's balance sheet are stated at cost.

Foreign currencies

Transactions denominated in a foreign currency are translated into Sterling at the exchange rate in operation on the date the transaction occurred. Where a forward exchange contract is used the transactions are translated into Sterling at the exchange rate specified in the related forward contract. All exchange gains or losses on settled transactions and the costs of forward exchange contracts are reported as part of the profit or loss for the year from ordinary activities.

Monetary assets and liabilities denominated in foreign currencies are converted to Sterling at rates of exchange ruling at the date of transaction or the rates of exchange fixed under related forward contracts.

Leases

Rentals under operating leases are charged against trading profit on a straight-line basis over the term of the lease.

Pensions

The Company's subsidiary operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the subsidiary, being invested with insurance companies. Employers' contributions are charged to the profit and loss account in the period to which they relate.

Research and development costs

Research and development costs are charged to the profit and loss account in the year in which they are incurred.

Grants

Revenue grants are credited to the profit and loss account in the same period as the related expense.

Inventory

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

Distributions to equity holders

Dividends and other distributions to the shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved. These amounts are recognised in the statement of changes in equity.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. They are classified according to the substance of the contractual arrangements.

Financial assets and liabilities

All financial assets and financial liabilities are initially measured at transaction price unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Share Capital

Ordinary shares are classified as equity.

Exceptional items

Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the financial information are referred to as exceptional items.

2 Critical accounting judgements and estimation uncertainty

Inventory provisioning

The company manufactures and sells biscuits and sauces from its two plants in Scotland and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required.

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying amount of the inventory and associated provision.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

3 Turnover

	2016 £	2015 £
United Kingdom	24,184,853	22,076,850
Rest of the world	991,938	1,681,258
	25,176,791	23,758,108

4 Operating profit

	2016 £	2015 £
Operating profit is stated after charging		
Depreciation of tangible fixed assets	408,261	441,375
Loss on disposal of fixed assets	36	-
Other operating lease rentals – vehicles	33,027	32,382
(Gain) / Loss on foreign exchange	(30,350)	44,231
Auditor's remuneration		
- audit services	21,500	19,500
- non audit services - Taxation	5,500	5,500

5 Exceptional item

During the year, the company was in a process to sell the business, and incurred legal and professional fees of £321,951 (2015: nil). The transaction did not conclude and these costs were expensed during the year.

6 Directors' remuneration

	2016 £	2015 £
Aggregate emoluments	346,223	335,781
Aggregate contributions to defined contribution pension scheme	17,469	16,980

Pension benefits are accruing to two directors (2015: two).

Highest paid director

	2016 £	2015 £
Total amount of emoluments	190,311	175,552
Defined contribution pension scheme	10,007	9,727

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

7 Employee information

The average number of persons (including executive directors) employed by the Group during the year was:

By activity

	2016	2015
	No	No
Production	176	163
Selling and distribution	16	16
Administration	12	12
	204	191

8 Employee costs

	2016	2015
	£	£
Wages and salaries	5,069,444	4,500,699
Social security costs	473,362	400,598
Other pension costs	170,322	171,003
	5,713,128	5,072,300

9 Net interest receivable

	2016	2015
	£	£
Interest payable and similar charges	(5)	(2)
Bank interest receivable and similar income	12,578	13,082
Net interest receivable	12,573	13,080

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

10 Tax on profits on ordinary activities

	2016 £	2015 £
Current tax:		
UK Corporation tax at 20% (2015: 20.25%)	469,145	471,401
Adjustment in respect of prior years	(9,839)	(428)
Total current tax	459,306	470,973
Deferred tax:		
Origination and reversal of timing differences	31,264	49,918
Adjustment in respect of previous years	9,118	256
Change in tax rates and laws	(27,605)	(11,585)
Total deferred tax	12,777	38,589
Tax on profit on ordinary activities	472,083	509,562

The charge for the year can be reconciled to the profit per the Profit and loss account as follows:

	2016 £	2015 £
Profit on ordinary activities before taxation	2,088,261	2,468,572
Tax on profit at standard UK tax rate of 20% (2015: 20.25%)	417,652	499,886
Effects of:		
Expenses not deductible for tax purposes	82,757	21,493
Non-taxable income	-	(60)
Adjustments to tax charge in respect of previous years	(721)	(172)
Tax rate changes	(27,605)	(11,585)
Current tax charge for the year	472,083	509,562

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

11 Tangible assets – Group

	Land and buildings £	Plant and machinery £	Fixtures & fittings £	Assets under the course of construction £	Total £
Cost					
At 1 January 2016	2,692,641	7,384,728	52,820	145,405	10,275,594
Additions	96,612	302,092	-	278,978	677,682
Disposals	(1,081)	(151,381)	-	-	(152,462)
Transfers		145,405	-	(145,405)	-
At 31 December 2016	2,788,172	7,680,844	52,820	278,978	10,800,814
Accumulated Depreciation					
At 1 January 2016	1,176,180	5,470,519	45,369	-	6,692,068
Charge for the year	107,152	299,283	1,826	-	408,261
Disposals	(1,045)	(151,381)	-	-	(152,426)
At 31 December 2016	1,282,287	5,618,421	47,195	-	6,947,903
Net book value					
At 31 December 2016	1,505,885	2,062,423	5,625	278,978	3,852,911
At 31 December 2015	1,516,462	1,914,208	7,451	145,405	3,583,526

12 Investments - Company

	2016 £	2015 £
Share in subsidiary	50,400	50,400

The Company holds a 70% shareholding in its subsidiary, Paterson Arran Limited, registered address is The Royal Burgh Bakery, Livingston, West Lothian, Scotland EH54 5DN.

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

13 Inventories - Group

	2016 £	2015 £
Raw materials and consumables	1,495,809	1,250,673
Work in progress	167,937	168,490
Finished goods and goods for resale	832,151	1,016,677
	2,495,897	2,435,840

There is no material difference between the balance sheet value of stocks and their replacement value.

The total amount of inventory recognised as an expense during the year was £15,555,615 (2015: £14,564,560)

14 Debtors - Group

	2016 £	2015 £
Trade debtors	4,757,935	4,997,483
Other debtors	146,373	198,617
Prepayments and accrued income	232,171	170,965
	5,136,479	5,367,065

15 Creditors – amounts falling due within one year

	Group 2016 £	Group 2015 £
Trade creditors	2,783,886	2,417,793
Other creditors, accruals and deferred income	728,847	875,533
Taxation payable	159,306	271,401
Other taxes and social security costs	146,715	129,938
Energy Saving Loan	22,896	-
	3,841,650	3,694,665

16 Creditors – amounts falling due after more than one year

	2016 £	2015 £
Energy Saving Loan	41,976	-

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

17 Deferred taxation - Group

The potential deferred tax liability which has been fully provided in accordance with FRS 102 comprises:

	2016 £	2015 £
Accelerated capital allowances	223,855	211,619
Other short term timing differences	(2,502)	(3,043)
	221,353	208,576

	2016 £	2015 £
Deferred tax liability at beginning of the year	208,576	169,987
Deferred tax charge in profit and loss account for the year	3,659	38,333
Adjustment in respect of prior years	9,118	256
Deferred tax liability at end of the year	221,353	208,576

18 Net cash inflow from operating activities

	2016 £	2015 £
Operating profit	2,397,539	2,455,492
Depreciation	408,261	441,375
Exceptional item	(321,951)	-
Loss on Disposal of fixed assets	36	-
Decrease / (increase) in inventories	(60,057)	595,103
Decrease / (increase) in debtors	230,586	(944,015)
Increase / (decrease) in creditors	301,056	345,418
Net cash inflow from operating activities	2,955,470	2,893,373

19 Called up share capital

	2016 £	2015 £
Allotted and fully paid		
Ordinary shares of £1 each	-	50,000
'A' ordinary shares of £0.50 each (50,000 shares)	25,000	-
'B' ordinary shares of £0.50 each (30,000 shares)	15,000	-
'C' ordinary shares of £0.50 each (20,000 shares)	10,000	-
At 31 December	50,000	50,000

The called up share capital of the company was subdivided and reclassified during the year. Both 'B' and 'C' shares have no voting rights.

Houston (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2016

20 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered scheme. The pension cost charge represents contributions payable by the company to the scheme and amounted to £170,322 (2015: 171,003). Contributions totalling £24,275 (2015: £25,835) were payable to the fund at the year end and are included in creditors.

The parent Company does not operate a pension scheme.

21 Capital and other commitments

At the year end the company had capital expenditure commitments totalling £272,637 (2015: £391,778).

Financial commitments

At 31 December 2016 the group had annual commitments under non-cancellable operating leases for assets other than land and buildings, expiring as follows:

	2016 £	2015 £
Within 1 year	17,090	15,449
Between 2 to 5 years	14,157	21,959

22 Financial instruments

The group has the following financial instruments:

Financial assets that are debt instruments measured at amortised cost	Note	2016 £	2015 £
Trade debtors	14	4,757,935	4,997,483
Other debtors	14	146,373	198,617
		4,904,308	5,196,100
Financial liabilities measured at amortised cost			
Trade creditors	15	2,783,886	2,417,793
Other creditors	15	728,847	875,533
Loans and overdraft	16	41,976	-
		3,554,709	3,293,326

23 Dividends

	2016 £	2015 £
Dividend of 1819p per ordinary share (2015: 3080p per share)	909,536	1,540,027

24 Ultimate controlling parties

The ultimate controlling parties of the Group are A Hardie and J D Appleton.