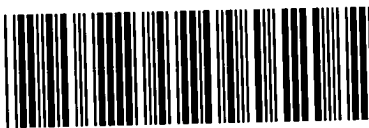


**Houston (Holdings) Limited**  
**Directors' report and consolidated**  
**financial statements**  
**for the year ended 31 December 2017**

Registered number: SC160042

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# **Houston (Holdings) Limited**

## **Directors' report and consolidated financial statements for the year ended 31 December 2017**

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# **Houston (Holdings) Limited**

## **Directors and advisors for the year ended 31 December 2017**

### **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 2017**

The directors present their strategic report of the Group, for the year ended 31 December 2017. 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 year of £1,251,322 (2016: £1,131,225) and turnover of £24,788,092 (2016: £25,176,791). The Group has net assets of £13,143,752 (2016: £11,955,555). An interim dividend of 833p (2016: 1819p) per ordinary share was paid in the year. The directors do not recommend the payment of a final dividend (2016: £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.

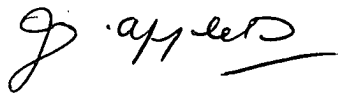
### **Principal risks and uncertainties facing the business**

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 the business.



**On behalf of the Board**

**JD Appleton**  
**Director**

24 May 2018

# Houston (Holdings) Limited

## Directors' report for the year ended 31 December 2017

The directors present their report and the audited financial statements of the Group, for the year ended 31 December 2017. The Group's registered number is SC160042.

### Results for the year

The results for the year are set out in the consolidated profit and loss account on Page 7. A commentary on the annual performance is included in the Strategic report on page 2.

### Dividends

Details of the dividends paid in the year can be found 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.

### Directors' qualifying third party indemnity provisions

During the year the Company maintained liability insurance for directors and officers of the Company.

### 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.

# Houston (Holdings) Limited

## Directors Report for the year ended 31 December 2017

### Statement of directors' responsibilities (continued)

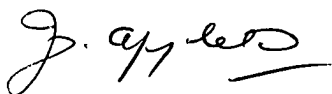
In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (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.

### Independent Auditors

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  
24 May 2018

# Houston (Holdings) Limited

## Independent auditors' report to the members of Houston (Holdings) Limited

### Report on the audit of the financial statements

#### 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 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2017; the Consolidated profit and loss account and Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# Houston (Holdings) Limited

## Independent auditors' report to the members of Houston (Holdings) Limited (continued)

### Strategic Report and Directors' Report

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 year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

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.

### Other required reporting

#### Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



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

29 May 2018



## Houston (Holdings) Limited

### Consolidated profit and loss account for the year ended 31 December 2017

	Note	2017 £	2016 £
<b>Turnover</b>	3	<b>24,788,092</b>	25,176,791
Cost of sales		(15,848,048)	(15,555,615)
<b>Gross profit</b>		<b>8,940,044</b>	9,621,176
Selling and distribution costs		(5,035,052)	(5,593,889)
Administrative expenses		(1,679,509)	(1,629,748)
<b>Operating profit</b>		<b>2,225,483</b>	2,397,539
Exceptional Item		-	(321,951)
Interest receivable and similar income	8	6,228	12,578
Interest payable and similar charges	8	(1)	(5)
Net interest receivable	8	6,227	12,573
<b>Profit on ordinary activities before taxation</b>		<b>2,231,710</b>	2,088,161
Tax on profit on ordinary activities	9	(444,069)	(472,083)
<b>Profit for the financial year</b>		<b>1,787,641</b>	1,616,078
Non-controlling interest		(536,319)	(484,853)
<b>Profit for the year</b>		<b>1,251,322</b>	1,131,225

### Consolidated statement of comprehensive income for the year ended 31 December 2017

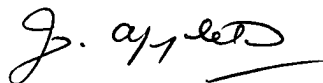
	2017 £	2016 £
<b>Profit for the financial year</b>	<b>1,251,322</b>	1,131,225
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>1,251,322</b>	1,131,225

# Houston (Holdings) Limited

## Consolidated balance sheet as at 31 December 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	10	4,162,028	3,852,911
<b>Current assets</b>			
Inventories	12	2,486,131	2,495,897
Debtors	13	5,574,997	5,136,479
Cash at bank and in hand		5,077,883	4,575,247
		13,139,011	12,207,623
<b>Creditors: amounts falling due within one year</b>	14	(3,863,705)	(3,841,650)
<b>Net current assets</b>		9,275,306	8,365,973
<b>Total assets less current liabilities</b>		13,437,334	12,218,884
<b>Creditors: Amount falling due after one year</b>	15	(49,211)	(41,976)
<b>Deferred taxation</b>	16	(244,371)	(221,353)
<b>Net assets</b>		13,143,752	11,955,555
<b>Capital and reserves</b>			
Share capital	18	50,000	50,000
Capital reserve		1,040,736	1,065,908
Retained earnings		8,110,084	7,253,090
<b>Equity shareholders' funds</b>		9,200,820	8,368,998
Non-controlling interest		3,942,932	3,586,557
<b>Total equity</b>		13,143,752	11,955,555

The notes on pages 12 to 22 are integral part of the financial statements. The financial statements on pages 7 to 22 were approved by the board of directors on 24 May 2018 and were signed on its behalf by:



JD Appleton  
Director

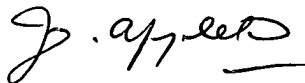
24 May 2018

# Houston (Holdings) Limited

## Company balance sheet as at 31 December 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	11	50,400	50,400
<b>Current assets</b>			
Cash at bank and in hand		1,248	1,006
<b>Net assets</b>		<b>51,648</b>	<b>51,406</b>
<b>Capital and reserves</b>			
Called up share capital	18	50,000	50,000
Retained earnings			
At 1 January		1,406	1,286
Profit for the year attributable to the owners		419,742	909,656
Other changes in retained earnings		(419,500)	(909,536)
		1,648	1,406
<b>Total shareholders' funds</b>		<b>51,648</b>	<b>51,406</b>

The notes on pages 12 to 22 are integral part of the financial statements. The financial statements on pages 7 to 22 were approved by the board of directors on 24 May 2018 and were signed on its behalf by:



JD Appleton  
Director

24 May 2018

# Houston (Holdings) Limited

## Consolidated statement of changes in equity for year ended 31 December 2017

	Called up share capital £	Capital reserve £	Retained earnings £	Total £	Non- controlling interest £	Total £
At 1 January 2016	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
Profit for the year	-	-	1,251,322	1,251,322	536,319	1,787,641
Dividends paid	-	-	(419,500)	(419,500)	(179,944)	(599,444)
Transfer to retained earnings	-	(25,172)	25,172	-	-	-
At 31 December 2017	50,000	1,040,736	8,110,084	9,200,820	3,942,932	13,143,752

## Company statement of changes in equity for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Total £
At 1 January 2016	50,000	1,286	51,286
Profit for the year	-	909,656	909,656
Dividends paid	-	(909,536)	(909,536)
At 31 December 2016	50,000	1,406	51,406
Profit for the year	-	419,742	419,742
Dividends paid	-	(419,500)	(419,500)
At 31 December 2017	50,000	1,648	51,648

# Houston (Holdings) Limited

## Consolidated cash flow statement for the year ended 31 December 2017

	Note	2017 £	2016 £
<b>Net cash inflow from operating activities</b>	17	<b>2,246,924</b>	<b>2,955,470</b>
Taxation paid		(380,945)	(571,401)
<b>Net cash generated from operating activities</b>		<b>1,865,979</b>	<b>2,384,069</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(770,126)	(677,682)
Interest received		6,228	12,578
<b>Net cash used in investing activities</b>		<b>(763,898)</b>	<b>(665,104)</b>
<b>Cash flow from financing activities</b>			
<b>Dividends paid to:</b>			
Owners of the entity		(419,500)	(909,536)
Non-controlling interest		(179,944)	(389,880)
Interest paid		(1)	(5)
<b>Net cash used in Financing activities</b>		<b>(599,445)</b>	<b>(1,299,421)</b>
<b>Increase in cash in the year</b>		<b>502,636</b>	<b>419,544</b>
<b>Cash at the beginning of the year</b>		<b>4,575,247</b>	<b>4,155,703</b>
<b>Cash at the end of the year</b>		<b>5,077,883</b>	<b>4,575,247</b>

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 2017**

### **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 2017.

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 £419,742 (2016: £909,656).

#### **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 2017

### 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 2017**

### **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 12 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 2017

### 3 Turnover

	2017 £	2016 £
United Kingdom	23,661,319	24,184,853
Rest of the world	1,126,773	991,938
	<b>24,788,092</b>	<b>25,176,791</b>

### 4 Operating profit

	2017 £	2016 £
<b>Operating profit is stated after charging</b>		
Depreciation of tangible fixed assets	458,036	408,261
Loss on disposal of fixed assets	2,973	36
Other operating lease rentals – vehicles	28,878	33,027
Loss on foreign exchange	(4,513)	(30,350)
Auditor's remuneration		
- audit services	22,800	21,500
- non audit services - Taxation	6,000	5,500

### 5 Directors' remuneration

	2017 £	2016 £
Aggregate emoluments	334,729	346,223
Aggregate contributions to defined contribution pension scheme	-	17,469

Pension benefits are accruing to two directors (2016: two).

#### Highest paid director

	2017 £	2016 £
Total amount of emoluments	185,240	190,311
Defined contribution pension scheme	-	10,007

# Houston (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2017

### 6 Employee information

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

**By activity**

	2017 No	2016 No
Production	178	176
Selling and distribution	17	16
Administration	12	12
	207	204

### 7 Employee costs

	2017 £	2016 £
Wages and salaries	5,326,049	5,069,444
Social security costs	493,573	473,362
Other pension costs	163,998	170,322
	5,983,620	5,713,128

### 8 Net interest receivable

	2017 £	2016 £
Interest payable and similar charges	(1)	(5)
Bank interest receivable and similar income	6,228	12,578
Net interest receivable	6,227	12,573

# Houston (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2017

### 9 Tax on profits on ordinary activities

	2017 £	2016 £
<b>Current tax:</b>		
UK Corporation tax at 19.25% (2016: 20%)	419,992	469,145
Adjustment in respect of prior years	1,059	(9,839)
<b>Total current tax</b>	<b>421,051</b>	<b>459,306</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	27,111	31,264
Adjustment in respect of previous years	(929)	9,118
Change in tax rates and laws	(3,164)	(27,605)
<b>Total deferred tax</b>	<b>23,018</b>	<b>12,777</b>
<b>Tax on profit on ordinary activities</b>	<b>444,069</b>	<b>472,083</b>

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

	2017 £	2016 £
<b>Profit on ordinary activities before taxation</b>	<b>2,231,710</b>	<b>2,088,261</b>
Tax on profit at standard UK tax rate of 19.25% (2016: 20.0%)	429,604	417,652
Effects of:		
Expenses not deductible for tax purposes	17,559	82,757
Adjustments to tax charge in respect of previous years	130	(721)
Tax rate changes	(3,224)	(27,605)
<b>Current tax charge for the year</b>	<b>444,069</b>	<b>472,083</b>

# Houston (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2017

### 10 Tangible assets – Group

	Land and buildings	Plant and machinery	Fixtures & fittings	Assets under the course of construction	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2017	2,788,172	7,680,844	52,820	278,978	10,800,814
Additions	83,954	450,634	6,194	229,344	770,126
Disposals	(2,280)	(186,470)	(9,880)	-	(198,630)
Transfers	-	256,597	-	(256,597)	-
<b>At 31 December 2017</b>	<b>2,869,846</b>	<b>8,201,605</b>	<b>49,134</b>	<b>251,725</b>	<b>11,372,310</b>
<b>Accumulated Depreciation</b>					
At 1 January 2017	1,282,287	5,618,421	47,195	-	6,947,903
Charge for the year	106,569	348,392	3,075	-	458,036
Disposals	(1,672)	(184,105)	(9,880)	-	(195,657)
<b>At 31 December 2017</b>	<b>1,387,184</b>	<b>5,782,708</b>	<b>40,390</b>	<b>-</b>	<b>7,210,282</b>
<b>Net book value</b>					
<b>At 31 December 2017</b>	<b>1,482,662</b>	<b>2,418,897</b>	<b>8,744</b>	<b>251,725</b>	<b>4,162,028</b>
At 31 December 2016	1,517,221	2,051,087	5,625	278,978	3,852,911

### 11 Investments - Company

	2017 £	2016 £
Shares 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 2017**

#### **12 Inventories - Group**

	2017 £	2016 £
Raw materials and consumables	1,442,873	1,495,809
Work in progress	87,133	167,937
Finished goods and goods for resale	956,125	832,151
	<b>2,486,131</b>	<b>2,495,897</b>

There is no material difference between the balance sheet value of inventories and their replacement value. Inventories are stated after provisions for impairment of £83,165 (2016: £56,807). The total amount of inventory recognised as an expense during the year was £15,848,048 (2016: £15,555,615).

#### **13 Debtors - Group**

	2017 £	2016 £
Trade debtors	5,032,814	4,757,935
Other debtors	316,886	146,373
Prepayments and accrued income	225,297	232,171
	<b>5,574,997</b>	<b>5,136,479</b>

#### **14 Creditors – amounts falling due within one year**

	Group 2017 £	Group 2016 £
Trade creditors	2,583,635	2,783,886
Other creditors, accruals and deferred income	887,421	728,847
Taxation payable	199,412	159,306
Other taxes and social security costs	158,611	146,715
Energy Saving Loan	34,626	22,896
	<b>3,863,705</b>	<b>3,841,650</b>

#### **15 Creditors – amounts falling due after more than one year**

	2017 £	2016 £
Energy Saving Loan	49,211	41,976

## Houston (Holdings) Limited

### Notes to the financial statements for the year ended 31 December 2017

#### 16 Deferred taxation - Group

The potential deferred tax liability which has been fully provided comprises:

	2017 £	2016 £
Accelerated capital allowances	246,858	223,855
Other short term timing differences	(2,487)	(2,502)
	244,371	221,353

	2017 £	2016 £
Deferred tax liability at beginning of the year	221,353	208,576
Deferred tax charge in profit and loss account for the year	23,947	3,659
Adjustment in respect of prior years	(929)	9,118
Deferred tax liability at end of the year	244,371	221,353

#### 17 Net cash inflow from operating activities

	2017 £	2016 £
Operating profit	2,225,483	2,397,539
Depreciation	458,036	408,261
Exceptional item	-	(321,951)
Loss on Disposal of fixed assets	2,973	36
Decrease / (increase) in inventories	9,766	(60,057)
(Increase) / decrease in debtors	(438,518)	230,586
(Decrease)/ increase in creditors	(10,816)	301,056
Net cash inflow from operating activities	2,246,924	2,955,470

# Houston (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2017

### 18 Called up share capital

	2017 £	2016 £
<b>Allotted and fully paid</b>		
Ordinary shares of £1 each	-	-
'A' ordinary shares of £0.50 each (50,000 shares)	25,000	25,000
'B' ordinary shares of £0.50 each (30,000 shares)	15,000	15,000
'C' ordinary shares of £0.50 each (20,000 shares)	10,000	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.

### 19 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 £163,998 (2016: £170,322). Contributions totalling £24,295 (2016: £24,275) were payable to the fund at the year end and are included in creditors.

The parent Company does not operate a pension scheme.

### 20 Capital and other commitments

At the year end the company had capital expenditure commitments totalling £137,977 (2016: £272,637).

### 21 Financial instruments

The group has the following financial instruments:

Financial assets that are debt instruments measured at amortised cost	Note	2017 £	2016 £
Trade debtors	13	5,032,814	4,757,935
Other debtors	13	316,886	146,373
		5,349,700	4,904,308
<b>Financial liabilities measured at amortised cost</b>			
Trade creditors	14	2,583,635	2,783,886
Other creditors	14	887,421	728,847
Loans and overdraft	14,15	83,837	64,872
		3,554,893	3,577,605

# Houston (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2017

### 22 Financial commitments

At 31 December 2017, the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due	2017 £	2016 £
No later than one year	10,373	17,090
Later than one year and not later than five years	15,662	14,157

The Group had no other off-balance sheet arrangements.

### 23 Dividends

	2017 £	2016 £
Dividend of 839p per ordinary share (2016: 1819p per share)	419,500	909,536

### 24 Ultimate controlling parties

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