

Registration number: 02765595

Warrens Warehousing & Distribution (Midlands) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



Warrens Warehousing & Distribution (Midlands) Limited

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Warrens Warehousing & Distribution (Midlands) Limited

Company Information

Directors	M Allen M Warren
Company secretary	M Allen
Registered office	Kerry Logistics Building 40 Victoria Way Charlton London SE7 7QS
Bankers	Barclays Bank Plc Woolwich Branch 41 Woolwich New Road Woolwich LONDON
Auditors	McBrides Accountants LLP Nexus House Cray Road Sidcup Kent DA14 5DA

Warrens Warehousing & Distribution (Midlands) Limited

Strategic Report for the Year Ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015.

Principal activity

The principal activity of the company is that of road haulage and storage of perishable goods

Fair review of the business

We are pleased to report that 2015 saw a continued growth in turnover, especially when considering the reduction in income relating to our fuel surcharge mechanism, which we have replaced with new customers. During the year we further developed relationships away from our traditional Primary base which has enabled us to offer a delivery route to the majority of depots operated by the retailers.

The additional volume without any significant increase in costs has seen a slightly improved margin.

Principal risks and uncertainties

The company operates a treasury function which is responsible for managing the liquidity and interest risks associated with its activities.

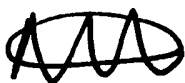
The company's principal financial instruments include bank overdrafts and loans, the main purpose of which is to raise finance for its operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

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

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and loans.

Investments of cash surpluses and borrowings are made through banks and institutions which must fulfil credit rating criteria approved by the Board. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Approved by the Board on 6/9/16..... and signed on its behalf by:



.....
M Allen
Company secretary and director

Warrens Warehousing & Distribution (Midlands) Limited

Directors Report for the Year Ended 31 December 2015

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

Directors of the Company

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

M Allen - Company secretary and director

M Warren

Dividends

The directors recommend a final dividend payment of £75,000 be made in respect of the financial year ended 31 December 2015. This dividend has not been recognised as a liability in the financial statements.

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.

Employee involvement

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

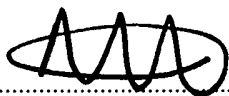
Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Disclosure of information to the auditors

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 auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 6/9/16 and signed on its behalf by:



M Allen

Company secretary and director

Warrens Warehousing & Distribution (Midlands) Limited

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Warrens Warehousing & Distribution (Midlands) Limited

Independent Auditor's Report

We have audited the financial statements of Warrens Warehousing & Distribution (Midlands) Limited for the year ended 31 December 2015, set out on pages 7 to 25. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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.

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 Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

Warrens Warehousing & Distribution (Midlands) Limited

Independent Auditor's Report

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

McBrides Accountants LLP

Brian Moleshead (Senior Statutory Auditor)

For and on behalf of McBrides Accountants LLP, Statutory Auditor

Nexus House

Cray Road

Sidcup

Kent

DA14 5DA

Date: *9th September 2016*

Warrens Warehousing & Distribution (Midlands) Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	31,219,031	30,145,566
Cost of sales		<u>(12,672,912)</u>	<u>(12,944,606)</u>
Gross profit		18,546,119	17,200,960
Administrative expenses		<u>(16,371,720)</u>	<u>(15,375,073)</u>
Operating profit		<u>2,174,399</u>	<u>1,825,887</u>
Interest payable and similar charges	6	<u>(157,897)</u>	<u>(155,948)</u>
		<u>(157,897)</u>	<u>(155,948)</u>
Profit before tax		2,016,502	1,669,939
Taxation	10	<u>(421,525)</u>	<u>(378,487)</u>
Profit for the financial year		<u><u>1,594,977</u></u>	<u><u>1,291,452</u></u>

The above results were derived from continuing operations.

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

Warrens Warehousing & Distribution (Midlands) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Profit for the year		<u>1,594,977</u>	<u>1,291,452</u>
Total comprehensive income for the year		<u><u>1,594,977</u></u>	<u><u>1,291,452</u></u>

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

Warrens Warehousing & Distribution (Midlands) Limited

(Registration number: 02765595)

Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	11	3,140,969	3,390,981
Other financial assets	14	<u>3</u>	<u>3</u>
		<u>3,140,972</u>	<u>3,390,984</u>
Current assets			
Stocks	12	122,521	140,437
Debtors	13	6,969,339	6,234,798
Cash at bank and in hand		<u>2,867,842</u>	<u>1,780,202</u>
		9,959,702	8,155,437
Creditors: Amounts falling due within one year	16	<u>(4,553,005)</u>	<u>(4,493,566)</u>
Net current assets		<u>5,406,697</u>	<u>3,661,871</u>
Total assets less current liabilities		8,547,669	7,052,855
Creditors: Amounts falling due after more than one year	16	(1,431,675)	(1,447,175)
Provisions for liabilities		<u>(270)</u>	<u>(9,933)</u>
Net assets		<u><u>7,115,724</u></u>	<u><u>5,595,747</u></u>
Capital and reserves			
Called up share capital	18	1,111	1,111
Capital redemption reserve		1,000	1,000
Retained earnings		<u>7,113,613</u>	<u>5,593,636</u>
Total equity		<u><u>7,115,724</u></u>	<u><u>5,595,747</u></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 6/9/16 and signed on its behalf by:



M Allen

Company secretary and director

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

Warrens Warehousing & Distribution (Midlands) Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2015	1,111	1,000	5,593,636	5,595,747
Profit for the year	-	-	1,594,977	1,594,977
Total comprehensive income	-	-	1,594,977	1,594,977
Dividends	-	-	(75,000)	(75,000)
At 31 December 2015	1,111	1,000	7,113,613	7,115,724 ^a
	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2014	1,111	1,000	4,377,184	4,379,295
Profit for the year	-	-	1,291,452	1,291,452
Total comprehensive income	-	-	1,291,452	1,291,452
Dividends	-	-	(75,000)	(75,000)
At 31 December 2014	1,111	1,000	5,593,636	5,595,747

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

Warrens Warehousing & Distribution (Midlands) Limited

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

1 General information

The company is incorporated and domiciled in United Kingdom.

The address of its registered office is:

Kerry Logistics Building

40 Victoria Way

Charlton

London

SE7 7QS

These financial statements were authorised for issue by the Board on 6 September 2016.

2 Accounting policies

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.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to Note 24 for an explanation of the transactions.

The financial statements are presented in Sterling, which is also the functional currency of the company.

The financial statements are presented to the nearest £1.

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.

Summary of disclosure exemptions

The company is exempt from preparing a statement of cashflows, as the company is a qualifying entity.

Name of parent of group

These financial statements are consolidated in the financial statements of Warrens Warehousing Group Limited.

The financial statements of Warrens Warehousing Group Limited may be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Warrens Warehousing & Distribution (Midlands) Limited

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company'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 company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company 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 company's activities.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company 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.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 company 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 financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

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.

Warrens Warehousing & Distribution (Midlands) Limited

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

Tangible assets

Tangible assets is stated in the statement of financial position 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
Plant and machinery	18% straight line

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.

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. 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 receivables.

Stocks

Stocks are stated at the lower of cost and net realisable value.

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

Amounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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 company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Warrens Warehousing & Distribution (Midlands) Limited

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

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company 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.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Warrens Warehousing & Distribution (Midlands) Limited

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

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 company after deducting all of its liabilities.

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

Recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs except in the case of financial assets recorded at fair value through profit and loss.

The company's financial assets include cash and short-term deposits and trade and other debtors.

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. the increase in provision due to the passage of time is recognised as an interest expense.

Warrens Warehousing & Distribution (Midlands) Limited

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

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the party and the company are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by that individual in their dealings with the entity.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2015 £	2014 £
Haulage & storage services	<u>31,219,031</u>	<u>30,145,566</u>

The analysis of the company's revenue for the year by market is as follows:

	2015 £	2014 £
UK	<u>31,219,031</u>	<u>30,145,566</u>

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2015 £	2014 £
Gain (loss) on disposal of property, plant and equipment	<u>68,797</u>	<u>101,287</u>

5 Operating profit

Arrived at after charging/(crediting)

	2015 £	2014 £
Depreciation expense	1,297,301	1,177,698
Operating lease expense - property	1,266,450	1,426,114
Operating lease expense - plant and machinery	470,051	405,300
Profit on disposal of property, plant and equipment	<u>(68,797)</u>	<u>(101,287)</u>

Warrens Warehousing & Distribution (Midlands) Limited

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

6 Interest payable and similar charges

	2015 £	2014 £
Interest on bank overdrafts and borrowings	2,940	4,995
HP interest	153,888	150,953
Interest expense on other finance liabilities	1,069	-
	<u>157,897</u>	<u>155,948</u>

7 Staff costs

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

	2015 £	2014 £
Wages and salaries	12,190,652	11,187,636
Social security costs	925,311	915,298
Pension costs, defined contribution scheme	174,504	138,333
Other employee expense	12,244	11,696
	<u>13,302,711</u>	<u>12,252,963</u>

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

	2015 No.	2014 No.
Drivers	185	180
Administration and support	30	24
Warehouse	133	133
	<u>348</u>	<u>337</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £	2014 £
Remuneration	<u>252,200</u>	<u>207,200</u>

In respect of the highest paid director:

	2015 £	2014 £
Remuneration	<u>131,000</u>	<u>111,200</u>

Warrens Warehousing & Distribution (Midlands) Limited

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

9 Auditors' remuneration

	2015 £	2014 £
Audit of the financial statements	<u>14,000</u>	<u>13,600</u>
Other fees to auditors		
All other non-audit services	<u>12,322</u>	<u>7,813</u>

10 Income tax

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

	2015 £	2014 £
Current taxation		
UK corporation tax	431,188	366,761
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(9,663)</u>	<u>11,726</u>
Tax expense in the profit and loss account	<u>421,525</u>	<u>378,487</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20% (2014 - 21%).

The differences are reconciled below:

	2015 £	2014 £
Profit before tax	<u>2,016,502</u>	<u>1,669,939</u>
Corporation tax at standard rate	403,300	350,687
Effect of expense not deductible in determining taxable profit (tax loss)	4,107	13,907
Change in tax rates	5,252	8,415
Deferred tax movement in year	(9,663)	11,726
Tax increase (decrease) from effect of capital allowances and depreciation	32,289	15,022
Profit on disposal of fixed assets	<u>(13,760)</u>	<u>(21,270)</u>
Total tax charge	<u>421,525</u>	<u>378,487</u>

Warrens Warehousing & Distribution (Midlands) Limited

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

Deferred tax

Deferred tax assets and liabilities

	Liability £
2015	
Difference between accumulated depreciation and amortisation and capital allowances	<u>270</u>
2014	
Difference between accumulated depreciation and amortisation and capital allowances	<u>9,933</u>

In March 2015 the UK Corporation tax rate was changed from 21% to 20%, effective from 1 April 2015. The deferred tax balance at 31 December 2015 is measured at the revised rate of 20%, the balance at 31 December 2014 is measured at the previous rate of 21%.

Based on current capital investment plans, the company expects to continue to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

Warrens Warehousing & Distribution (Midlands) Limited

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

11 Tangible assets

	Land and buildings £	Other property, plant and equipment £	Total £
Cost or valuation			
At 1 January 2015	44,800	9,181,174	9,225,974
Additions	-	1,096,428	1,096,428
Disposals	-	(466,484)	(466,484)
At 31 December 2015	44,800	9,811,118	9,855,918
Depreciation			
At 1 January 2015	44,800	5,790,193	5,834,993
Charge for the year	-	1,297,301	1,297,301
Eliminated on disposal	-	(417,345)	(417,345)
At 31 December 2015	44,800	6,670,149	6,714,949
Carrying amount			
At 31 December 2015	-	3,140,969	3,140,969
At 31 December 2014	-	3,390,981	3,390,981

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2015 £	2014 £
Plant and machinery	2,327,761	2,906,226

12 Stocks

	2015 £	2014 £
Other inventories	122,521	140,437

The cost of stocks recognised as an expense in the year amounted to £6,995,865 (2014 - £8,005,303).

Warrens Warehousing & Distribution (Midlands) Limited

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

13 Debtors

	2015 £	2014 £
Trade debtors	4,983,690	4,934,928
Other debtors	1,131,059	707,556
Prepayments	854,590	592,314
Total current trade and other debtors	<u>6,969,339</u>	<u>6,234,798</u>

14 Other financial assets (current and non-current)

	2015 £	2014 £
Non-current financial assets		
Financial assets at cost less impairment	<u>3</u>	<u>3</u>

15 Cash and cash equivalents

	2015 £	2014 £
Cash on hand	117	137
Cash at bank	<u>2,867,725</u>	<u>1,780,065</u>
	<u>2,867,842</u>	<u>1,780,202</u>

16 Creditors

	Note	2015 £	2014 £
Due within one year			
Loans and borrowings	17	857,996	762,700
Trade creditors		2,198,391	2,086,362
Social security and other taxes		794,526	851,479
Other creditors		37,965	213,763
Accrued expenses		232,939	312,501
Corporation tax	10	<u>431,188</u>	<u>266,761</u>
		<u>4,553,005</u>	<u>4,493,566</u>
Due after one year			
Loans and borrowings	17	753,959	769,459
Other non-current financial liabilities		<u>677,716</u>	<u>677,716</u>
		<u>1,431,675</u>	<u>1,447,175</u>

Included in accrued expenses is a leave pay provision of £68,450 (2014: £65,900) which represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

Warrens Warehousing & Distribution (Midlands) Limited

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

17 Loans and borrowings

	2015 £	2014 £
Non-current loans and borrowings		
Finance lease liabilities	<u>753,959</u>	<u>769,459</u>
	2015	2014
	£	£
Current loans and borrowings		
Finance lease liabilities	<u>857,996</u>	<u>762,700</u>

Other borrowings

Obligations under finance lease and hire purchase contracts with a carrying amount of £1,611,955 (2014 - £1,532,159) is denominated in Sterling with a nominal interest rate of 4% - 6%. The final instalment is due on 31 October 2018.

The liabilities are secured against the assets concerned.

Repayments are monthly instalments representing principle and interest.

18 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,111</u>	<u>1,111</u>	<u>1,111</u>	<u>1,111</u>

Rights, preferences and restrictions

Ordinary 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.

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2015 £	2014 £
Not later than one year	23,739	23,989
Later than one year and not later than five years	<u>1,190,063</u>	<u>1,148,041</u>
	<u>1,213,802</u>	<u>1,172,030</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £357,354 (2014 - £357,354).

Warrens Warehousing & Distribution (Midlands) Limited

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

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £174,504 (2014 - £138,333).

21 Dividends

	2015	2014
	£	£
Interim dividend of £750.00 (2014 - £750.00) per ordinary share	<u>75,000</u>	<u>75,000</u>

22 Contingent liabilities

The company has in previous years entered into Film Partnership agreements with Dean Street Productions. Currently there are open enquiries into those partnerships to establish the amount of loss relief the company is eligible to have claimed. The disputed tax relates to the years 2010, 2011 and 2012 however the enquiries are not settled at the current time. The Directors, having taken advice from their professional agents, do not accept HM Revenue & Customs' (HMRC) interpretation of the use of these agreements. The Directors are hopeful that no further action will be required as a result. Ultimately though, if HMRC's arguments concerning Film Partnerships are upheld by Tax Tribunal, an additional corporation tax liability might arise.

Warrens Warehousing & Distribution (Midlands) Limited

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

23 Related party transactions

Income and receivables from related parties

	Entities with joint control or significant influence £
2015	
Amounts advanced by related party	406,451
Amounts receivable from related party	<u>888,187</u>

	Entities with joint control or significant influence £
2014	
Amounts advanced by related party	477,303
Amounts receivable from related party	<u>450,540</u>

Expenditure with and payables to related parties

	Entities with joint control or significant influence £
2015	
Consultancy fees incurred	35,386
Rental expenses incurred	654,220
Amounts advanced to related party	<u>420,000</u>
	<u>1,109,606</u>

Amounts payable to related party	<u>768,666</u>
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	Entities with joint control or significant influence £
2014	
Consultancy fees incurred	49,560
Rental expenses incurred	824,912
Amounts advanced to related party	<u>469,530</u>
	<u>1,344,002</u>

Amounts payable to related party	<u>972,865</u>
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24 Financial instruments

Categorisation of financial instruments

Warrens Warehousing & Distribution (Midlands) Limited

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

	2015	2014
	£	£
Financial assets that are debt instruments measured at amortised cost	6,114,749	5,642,484
Financial liabilities measured at amortised cost	4,563,948	4,296,238

Credit and market risk

The company is at risk from its customers defaulting in making payments for goods that have been supplied to them. The majority of the company's customers are based within the retail industry and therefore industry related changes or economic hardships present a risk to the company. To minimise this risk the company has a policy of only dealing with customers who have either demonstrated creditworthiness or can provide sufficient collateral. To determine previous creditworthiness the company makes use of independent rating agencies, other publicly available financial information and its own trading records. The company'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 continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow interest rate risk

The company 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 17 to the financial statements. The company's policy is to obtain the most favourable interest rates available for its borrowings. Except for the company's hire purchase agreements, the company has no significant interest-bearing assets or liabilities. The company does not use any derivative instruments to reduce its economic exposure to changes in interest rate.

25 Parent and ultimate parent undertaking

The company's immediate parent is Warrens Warehousing Group Limited, incorporated in United Kingdom.

The most senior parent entity producing publicly available financial statements is Warrens Warehousing Group Limited. These Financial Statements are available upon request from Companies House, Crown Way, Cardiff, CF4 3UZ

The ultimate controlling party is M R Warren.

26 Transition to FRS 102

The company has adopted FRS102 for the first time. This has resulted in no transitional adjustments.