

Relate Accounts Production

FRS 102 Sample Accounts



relate
software

WWW.RELATE-SOFTWARE.COM
SALES@RELATE-SOFTWARE.COM
+353 1 4597800



Gatsby Wholesales Limited
Directors' Report and Financial Statements
for the year ended 31 December 2017

Relate Software Limited
Chartered Accountants and Statutory Auditors
Unit D6 South City Business Park
Whitestown Way
Tallaght
Dublin 24

Company Number: 621345

Gatsby Wholesales Limited

CONTENTS

	Page
Directors and Other Information	3
Directors' Report	4 - 5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 - 8
Appendix to the Independent Auditor's Report	9
Income Statement	10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 - 35
Supplementary Information on Trading Statement	37 - 39

Gatsby Wholesales Limited
DIRECTORS AND OTHER INFORMATION

Directors	Mr. Jack Murphy Mrs. Jill Murphy (Appointed 4 February 2017) Mr. Chris Murphy (Appointed 2 February 2017) Mr. Paul Murphy
Company Secretary	Mrs. Jill Murphy (Appointed 4 February 2017)
Company Number	621345
Registered Office	130 Galway Street Monkstown Co. Cork Republic of Ireland
Business Address	10 Dublin Road Monkstown Co. Cork Republic of Ireland
Auditors	Relate Software Limited Chartered Accountants and Statutory Auditors Unit D6 South City Business Park Whitestown Way Tallaght Dublin 24 Republic of Ireland
Bankers	Bank of Ireland 10 Dublin Road Monkstown Co. Cork Republic of Ireland Large Bank 125 Galway Street Monkstown Co. Cork Republic of Ireland
Solicitors	Law & Co. Solicitors 65 The Cuttings Tallaght Dublin 24 Republic of Ireland
Accountants and Financial Advisers	ABC & Company 21 Financial Road Monkstown Co. Cork Republic of Ireland

Gatsby Wholesales Limited

DIRECTORS' REPORT

for the year ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Principal Activity and Review of the Business

The principal activity of the company is the wholesale and retail of consumer goods.

There has been no significant change in these activities during the year ended 31 December 2017.

Principal Risks and Uncertainties

The company is currently dependent on UK exports and, due to the uncertainty over Brexit, are currently investigating other markets from within Europe as a means of offsetting any future affects on turnover from a difficult Brexit.

Results and Dividends

The profit for the year after providing for depreciation and taxation amounted to €353,540 (2016 - €428,844).

The directors have paid an interim dividend amounting to €5,621 and they do not recommend payment of a final dividend.

At the end of the year, the company has assets of €12,498,751 (2016 - €12,540,363) and liabilities of €8,777,344 (2016 - €9,329,155). The net assets of the company have increased by €393,198.

Directors and Secretary

The directors who served throughout the year, except as noted, were as follows:

Mr. Jack Murphy
 Mrs. Jill Murphy (Appointed 4 February 2017)
 Mr. Chris Murphy (Appointed 2 February 2017)
 Mr. Paul Murphy

The secretary who served throughout the year was Mrs. Jill Murphy.

The directors' and the secretary's interests in the shares of the company are as follows:-

Name	Class of Shares	Number Held At 31/12/17	Number Held At 01/01/17
Mr. Jack Murphy	Ordinary A Shares	9	9
	Ordinary B Shares	6	6
	1% Cumulative Preference Shares	5	5
	5% Cumulative Redeemable Preference Shares	1	1
	Ordinary A Shares*	1	-
Mrs. Jill Murphy		<u>22</u>	<u>21</u>

There were no changes in shareholdings between 31 December 2017 and the date of signing the financial statements.

Holdings in Parent Company

Name	Company	Class of Shares	Number Held At 31/12/17	Number Held At 01/01/17
Mr. Jack Murphy	Gatsby Holdings Limited	Ordinary Shares	95,000	95,000
		Preference Shares	500	500
Mrs. Jill Murphy	Gatsby Holdings Limited	Ordinary Shares*	<u>485,000</u>	<u>-</u>

Gatsby Wholesales Limited

DIRECTORS' REPORT

for the year ended 31 December 2017

Holdings in Subsidiary Undertakings

Name	Company	Class of Shares	Number Held At 31/12/17	Number Held At 01/01/17
Mr. Jack Murphy	GK Holdings Limited	Ordinary Shares	456	456

* (shares acquired at date of appointment)

In accordance with the Articles of Association, the directors retire by rotation and, being eligible, offer themselves for re-election.

Future Developments

The company plans to continue its present activities and current trading levels. Employees are kept as fully informed as practicable about developments within the business.

Post Statement of Financial Position Events

There have been no significant events affecting the company since year end.

Auditors

The auditors, Relate Software Limited, (Chartered Accountants) have indicated their willingness to continue in office in accordance with the provisions of section 383(2) of the Companies Act 2014.

Taxation Status

The company is a close company within the meaning of the Taxes Consolidation Act, 1997.

Statement on Relevant Audit Information

There is no relevant audit information of which the statutory auditors are unaware. The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

Compliance Statement

The directors are responsible for securing the company's compliance with its relevant obligations (compliance with both company and tax law) and with respect to each of the following three items, we confirm that it has/has not been done. We confirm:

- the existence of a compliance policy statement;
- appropriate arrangements or structures put in place to secure material compliance with the company's relevant obligations;
- a review of such arrangements and structures has taken place during the year

Accounting Records

To ensure that adequate accounting records are kept in accordance with sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at 130 Galway Street, Monkstown, Co. Cork, Republic of Ireland.

Signed on behalf of the board

Mr. Jack Murphy
Director

9 May 2018

Mrs. Jill Murphy
Director

9 May 2018

Gatsby Wholesales Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

for the year ended 31 December 2017

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

Irish company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland. 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 assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy and enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the board

Mr. Jack Murphy
Director

9 May 2018

Mrs. Jill Murphy
Director

9 May 2018

INDEPENDENT AUDITOR'S REPORT

to the Members of Gatsby Wholesales Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Gatsby Wholesales Limited ('the company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other Information

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

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

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

to the Members of Gatsby Wholesales Limited

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operation, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 contained in the appendix to this report, located at page 9, which is to be read as an integral part of our report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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 any 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.

John Bull

for and on behalf of

RELATE SOFTWARE LIMITED

Chartered Accountants and Statutory Auditors

Unit D6 South City Business Park

Whitestown Way

Tallaght

Dublin 24

Republic of Ireland

9 May 2018

Gatsby Wholesales Limited

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Gatsby Wholesales Limited
INCOME STATEMENT

for the year ended 31 December 2017

	Notes	2017 €	2016 € as restated
Revenue	5	54,843,237	50,813,162
Cost of sales		(52,810,181)	(48,594,887)
Gross profit		2,033,056	2,218,275
Distribution costs		(206,323)	(211,546)
Administrative expenses		(2,189,652)	(1,913,680)
Other operating income		794,316	463,748
Operating profit	6	431,397	556,797
Investment income	7	12,410	3,528
Other gains and losses	8	4,596	-
Finance income	9	64,443	3,398
Finance costs	10	(41,150)	(43,283)
Profit before taxation		471,696	520,440
Tax on profit	12	(118,156)	(91,597)
Profit for the year	31	353,540	428,843

Approved by the board on 9 May 2018 and signed on its behalf by:

Mr. Jack Murphy
Director

Mrs. Jill Murphy
Director

Gatsby Wholesales Limited
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Notes	2017 €	2016 € as restated
Profit after taxation		353,540	428,843
Remeasurement of defined benefit scheme assets and liabilities	28	46,000	(156,101)
Foreign exchange movement on net investment		(2,454)	-
Change in value of hedging instruments		(667)	-
		<hr/>	<hr/>
Total comprehensive income relating to the year		396,419	272,742
Prior year adjustment	14	65,700	-
		<hr/>	<hr/>
Total comprehensive income since last annual report		462,119	272,742
		<hr/> <hr/>	<hr/> <hr/>

Gatsby Wholesales Limited
STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	2017 €	2016 € as restated
Non-Current Assets			
Intangible assets	15	59,100	116,150
Property, plant and equipment	16	446,911	349,579
Investment property	17	51,712	-
Investments	18	128,997	128,848
		<u>686,720</u>	<u>594,577</u>
Current Assets			
Inventories	19	4,985,289	5,757,038
Receivables	20		
- amounts falling due after more than one year		1,209,243	1,221,976
- amounts falling due within one year		4,090,793	3,882,940
Investments	21	133	-
Cash and cash equivalents		1,526,573	1,083,832
		<u>11,812,031</u>	<u>11,945,786</u>
Payables: Amounts falling due within one year	22	(5,553,167)	(5,170,559)
Net Current Assets		6,258,864	6,775,227
Total Assets less Current Liabilities		6,945,584	7,369,804
Payables			
Amounts falling due after more than one year	23	(2,351,477)	(3,114,395)
Provisions for liabilities	25	(595,600)	(650,100)
Net Assets		3,998,507	3,605,309
Equity			
Called up share capital presented as equity	29	252,400	250,000
Share premium account	31	3,948	3,948
Other reserves	31	(1,234)	-
Income statement		3,743,393	3,351,361
Equity attributable to owners of the company		3,998,507	3,605,309

Approved by the board on 9 May 2018 and signed on its behalf by:

Mr. Jack Murphy
Director

Mrs. Jill Murphy
Director

Gatsby Wholesales Limited
STATEMENT OF CHANGES IN EQUITY

as at 31 December 2017

	Share capital	Share premium account	Retained earnings	Cash flow hedge reserve	Total
	€	€	€	€	€
At 1 January 2016	250,000	3,948	3,238,288	-	3,492,236
Profit for the year	-	-	428,844	-	428,844
Other comprehensive income	-	-	(156,101)	-	(156,101)
Total comprehensive income	-	-	272,743	-	272,743
Payment of dividends	-	-	(7,870)	-	(7,870)
Other movements in equity attributable to owners	-	-	(151,800)	-	(151,800)
At 31 December 2016 as previously stated	250,000	3,948	3,285,661	-	3,539,609
Prior year error correction (Note 14)	-	-	64,435	-	64,435
Changes in accounting policies (Note 15)	-	-	1,265	-	1,265
At 31 December 2016	250,000	3,948	3,351,361	-	3,605,309
Profit for the year	-	-	353,540	-	353,540
Other comprehensive income	-	-	44,113	(1,234)	42,879
Total comprehensive income	-	-	397,653	(1,234)	396,419
Payment of dividends	-	-	(5,621)	-	(5,621)
Net proceeds of equity ordinary share issue	100	-	-	-	100
Equity-settled share-based issue of equity ordinary shares	2,300	-	-	-	2,300
At 31 December 2017	252,400	3,948	3,743,393	(1,234)	3,998,507

Gatsby Wholesales Limited

STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	Notes	2017 €	2016 € as restated
Cash flows from operating activities			
Profit for the year		353,540	428,843
Adjustments for:			
Investment income		(12,410)	(3,528)
Fair value gains and losses		(4,596)	-
Finance income		(64,443)	(3,398)
Finance costs		41,150	43,283
Tax on profit on ordinary activities		118,156	91,597
Depreciation		65,233	40,775
Amortisation of intangibles		20,000	-
Equity-settled share-based payments		2,300	-
		<u>518,930</u>	<u>597,572</u>
Movements in working capital:			
Movement in inventories		771,749	(1,086,148)
Movement in receivables		(167,320)	(3,106,025)
Movement in payables		300,219	(403,886)
		<u>1,423,578</u>	<u>(3,998,487)</u>
Cash generated from/(used in) operations		1,423,578	(3,998,487)
Interest paid		(31,131)	(43,283)
Tax paid		(61,552)	(26,306)
		<u>1,330,895</u>	<u>(4,068,075)</u>
Cash flows from investing activities			
Interest received		11,060	3,398
Dividends received		12,410	3,528
Payments to acquire property, plant and equipment		(6,168)	5,142
Payments to acquire investment property		(44,592)	-
Payments to acquire investments		(333)	-
Receipts from sales of investments		200	-
		<u>(27,423)</u>	<u>12,068</u>
Cash flows from financing activities			
Issue of equity share capital		100	-
Issue of shares classified as financial liabilities		36,666	12,222
Redemption of shares		(488)	(244)
New long term loan		-	1,817,654
New short term loan		-	21,058
Repayment of short term loan		(45,466)	(18,443)
Capital element of finance lease contracts		(804,947)	1,979,736
Movement in funding to subsidiaries/group companies and connected parties		9,732	9,355
Movement in funding from subsidiaries/group companies and connected parties		(9,917)	23,408
Dividends paid		(5,621)	(7,870)
		<u>(819,941)</u>	<u>3,836,876</u>
Net cash (used in)/generated from financing activities		(819,941)	3,836,876
Net increase/(decrease) in cash and cash equivalents		483,531	(219,131)
Cash and cash equivalents at beginning of financial year		453,771	672,902
Cash and cash equivalents at end of financial year	38	937,302	453,771

Gatsby Wholesales Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

1. GENERAL INFORMATION

Gatsby Wholesales Limited is a company limited by shares incorporated in Republic of Ireland. 130 Galway Street, Monkstown, Co. Cork, Republic of Ireland is the registered office, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in Euro (€) which is also the functional currency of the company.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 31 December 2017 have been prepared on the going concern basis and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland.

Revenue

Revenue comprises the invoice value of goods supplied by the company, exclusive of trade discounts and value added tax.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Freehold Land and Buildings	-	4% Straight line
Long leasehold property	-	2% Straight line
Plant and machinery	-	15% Straight line
Fixtures, fittings and equipment	-	15% Straight line
Computer equipment	-	33.3% Straight line

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investment properties

Investment property whose fair value can be measured reliably without undue cost or effort is measured at fair value with changes in fair value recognised in the Income Statement. Revalued investment properties are not depreciated or amortised, unless the fair value cannot be measured reliably or without undue cost or effort.

Not depreciating or amortising property is a departure from the requirement of Company Law to provide depreciation on all fixed assets which have a limited useful life. However, these investment properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. If depreciation were to be provided it would be provided at a rate of 4% Straight line per annum on the revalued amount.

Leasing and Hire Purchases

Property, plant and equipment held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the Statement of Financial Position at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the Income Statement.

Gatsby Wholesales Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Profit and Loss on a straight line basis over the lease term.

Goodwill

Purchased goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of the identifiable net assets including other intangible fixed assets when they were acquired. Purchased goodwill is capitalised in the Statement of Financial Position and amortised on a straight line basis over its economic useful life of 10 years, which is estimated to be the period during which benefits are expected to arise. On disposal of a business any goodwill not yet amortised is included in determining the profit or loss on sale of the business.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Income from other investments together with any related withholding tax is recognised in the Income Statement in the year in which it is receivable. Current asset investments are stated at the lower of cost and net realisable value.

Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories are determined on a first-in first-out basis. Cost comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Full provision is made for obsolete and slow moving items. Net realisable value comprises actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing and selling.

Trade and other receivables

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

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 benefits 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 same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Trade and other payables

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Share-based payments

The company issues equity-settled and cash-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph. For cash-settled share-based payments, a liability equal to the portion of the goods and services received is recognised at the current fair value determined at each Statement of Financial Position date.

Employee benefits

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 fund. The company also operates a defined benefit pension scheme for its employees providing benefits based on final pensionable pay. The assets of this scheme are also held separately from those of the company, being invested with pension fund managers.

Taxation and deferred taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Income Statement.

Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. Annual contributions payable to the company's pension scheme are charged to the Income Statement in the period to which they relate.

The pension costs in respect of the defined benefit scheme are charged to the Income Statement on a systematic basis, based on the actuary's calculations. Amounts charged are calculated using the following rates:

Current service costs	-	Discount rate at the start of the year
Interest cost	-	Discount rate at the start of the year
Expected return on assets	-	Expected rate of return at the start of the year

Past service costs are recognised in the Income Statement on a straight line basis over the period in which the increases in the benefits vest.

Differences between the amounts charged in the Income Statement and payments made to pension funds are treated as assets or liabilities.

Assets in the scheme are measured at their fair value at the Statement of Financial Position date. Defined benefit liabilities are measured on an actuarial basis using the projected unit method. The assets and liabilities of the scheme are subject to a full actuarial valuation by an external professionally qualified actuary triennially and are reviewed annually by the actuary and updated to reflect current conditions.

The excess/shortfall in the value of the assets in the scheme over/below the present value of the scheme liabilities is recognised as an asset/liability when the amounts can be recovered through reduced contributions or refunds from the scheme. Any potential deferred taxation is offset against the asset/liability.

Current service cost and net interest on net scheme assets/liabilities are recognised in the Income Statement. Remeasurement of net defined benefit scheme assets and liabilities are recognised in the Statement of Comprehensive Income.

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

Research and development

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

Computer software

Computer software is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 4 years.

Databases

Databases are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 4 years.

Customer contracts

Customer contracts are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 4 years.

Derivatives

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Cash flow hedging

The separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

- (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) the cumulative change in fair value (present value) of the expected future cash flows on the hedged item from inception of the hedge.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (ie the portion that is offset by the change in the cash flow hedge reserve) is recognised in the Statement of Comprehensive Income. Any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve) is hedge ineffectiveness that shall be recognised in the profit or loss.

The amount that has been accumulated in the cash flow hedge reserve is accounted for as follows:

- (i) if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, that amount is removed from the cash flow hedge reserve and included directly in the initial cost or other carrying amount of the asset or liability;
- (ii) for cash flow hedges other than those covered by (i), that amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect the profit or loss.

Net investment in foreign operations hedging

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment is accounted for by:

- (i) recognising in other comprehensive income the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, and
- (ii) recognising in the profit or loss the ineffective portion.

The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in equity is not reclassified from equity to the profit or loss on the disposal or partial disposal of the foreign operation.

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

continued

Financial Instruments

Share Capital of the Company

The ordinary share capital of the company is presented as equity.

The dividend rights of the preference shares are non-cumulative and payment is at the discretion of the company. The preference shares carry voting rights at meetings. Based on their characteristics the preference shares are considered to be presented as equity and not liabilities. There is no option to redeem the preference shares.

Unlisted Investments

The company holds investments in unlisted non-puttable equity shares of a number of entities. It is considered by the directors that the fair value of these shares cannot be measured reliably. These investments are measured at cost less impairment.

Listed Investments

The company holds investments in non-puttable equitable shares in a number of companies which are listed and actively traded on recognised stock markets. These investments are initially recorded at cost plus transaction costs. Thereafter these are valued at fair value which is the bid price of the securities in an active market at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position bank overdrafts are shown within Payables.

Loans and borrowings

All loans and borrowings, both assets and liabilities are initially recorded at the present value of cash payable to the lender in settlement of the liability discounted at the market interest rate. Subsequently loans and borrowings are stated at amortised cost using the effective interest rate method. The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period. Loans with no stated interest rate and repayable within one year or on demand are not amortised. Loans and borrowings are classified as current assets or liabilities unless the borrower has an unconditional right to defer settlement of the liability for at least twelve months after the financial year end date.

Exceptional item

Exceptional items are those that the directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the company's financial performance.

3. GROUP COMPANY EXEMPTIONS CLAIMED

As a subsidiary company the directors have adopted the exemption from disclosing the management personnel compensation total in respect of related parties. Shareholders have been notified and have expressed no objections. The parent company in whose consolidated financial statements the financial statements of this company have been consolidated is Gatsby Holdings. Those consolidated financial statements may be obtained from the company secretary of Gatsby Holdings at their head office.

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

4. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

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 historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Tangible Fixed Assets

In note 16 to the financial statements, land and buildings are stated at cost less depreciation, because the market value taking into account the possible other uses for the land and buildings is not currently significantly different. However, we use an independent professional valuer to check the difference each year.

5. REVENUE

The revenue for the year has been derived from:-

	2017 €	2016 €
Wholesales	51,220,456	47,571,928
Direct sales	3,380,522	3,105,478
Other sales	242,259	135,756
	<u>54,843,237</u>	<u>50,813,162</u>
Geographical market		
Republic of Ireland	42,779,105	38,450,210
Europe	7,652,987	6,841,230
Rest of the World	4,411,145	5,521,722
	<u>54,843,237</u>	<u>50,813,162</u>

Revenue attributable to geographical markets outside the Republic of Ireland amounted to 22% for the year.

6. OPERATING PROFIT

	2017 €	2016 €
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	37,050	-
Depreciation of property, plant and equipment	28,182	40,775
Amortisation of goodwill	20,000	-
Profit on foreign currencies	(2,198)	-
Auditor's remuneration		
- audit of individual company accounts	7,021	17,643
- other assurance services	6,817	6,338
- tax advisory services	1,721	4,179
- other non-audit services	5,988	4,887
	<u>7,021</u>	<u>17,643</u>

7. INCOME FROM INVESTMENTS

	2017 €	2016 €
Investment income	12,410	40
Dividends from subsidiary companies	-	3,488
	<u>12,410</u>	<u>3,528</u>

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

continued

8. OTHER GAINS AND LOSSES	2017 €	2016 €
Fair value gains and losses are as follows:		
Investment property	7,120	-
Investments in shares	119	-
Foreign exchange	(2,643)	-
	4,596	-
	4,596	-
9. FINANCE INCOME	2017 €	2016 €
Bank interest	11,060	3,398
Interest income on financial assets using effective rate of return	50	-
Interest income on long term debtors using effective rate of return	43,210	-
Interest income on financial liabilities using effective rate of return	10,123	-
	64,443	3,398
	64,443	3,398
Total interest income using effective rate of return	53,383	-
10. FINANCE COSTS	2017 €	2016 €
On amounts owed to credit institutions	19,010	42,071
Interest expense on financial assets using effective rate of return	20	-
Interest expense on long term debtors using effective rate of return	5,678	-
Interest expense on financial liabilities using effective rate of return	4,321	-
Finance charges on shares classified as financial liabilities (Note 13)	12,121	1,212
	41,150	43,283
	41,150	43,283
Total interest expense using effective rate of return	10,019	-
11. EMPLOYEES AND REMUNERATION		
Number of employees		
The average number of persons employed (including executive directors) during the year was as follows:		
	2017 Number	2016 Number
Administration	17	17
Warehouse staff	36	34
Direct sales	17	17
	70	68
	70	68
The staff costs (inclusive of directors' salaries) comprise:		
	2017 €	2016 €
Wages and salaries	2,771,280	2,507,722
Social welfare costs	153,049	214,335
Pension costs	150,181	128,344
	3,074,510	2,850,401
	3,074,510	2,850,401

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

continued

12. TAX ON PROFIT

	2017 €	2016 €
(a) Analysis of charge in the year		
Current tax:		
Corporation tax at 12.50% (2016 - 12.50%)	54,881	47,756
Under/over provision in prior year	775	(12,159)
Total current tax	<u>55,656</u>	<u>35,597</u>
Deferred tax:		
Origination and reversal of timing differences	62,500	56,000
Total deferred tax	<u>62,500</u>	<u>56,000</u>
Tax on profit (Note 12 (b))	<u><u>118,156</u></u>	<u><u>91,597</u></u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the Republic of Ireland 12.50% (2016 - 12.50%). The differences are explained below:

	2017 €	2016 €
Profit before tax	<u>471,696</u>	<u>520,441</u>
Profit before tax multiplied by the standard rate of corporation tax in the Republic of Ireland at 12.50% (2016 - 12.50%)	58,962	65,055
Effects of:		
Expenses not deductible for tax purposes	7,949	15,413
Capital allowances for period in excess of depreciation	(14,356)	(35,884)
Utilisation of tax losses	(7,248)	-
Deferred tax	62,500	56,000
Income at 25%	-	556
Dividends	-	(462)
Adjustment to tax charge in respect of previous periods	10,349	(9,081)
Total tax charge for the year (Note 12 (a))	<u><u>118,156</u></u>	<u><u>91,597</u></u>

13. DIVIDENDS

	2017 €	2016 €
Dividends on equity shares:		
Ordinary A Shares - Interim paid 8 October 2016	<u>5,621</u>	<u>7,870</u>
Dividends on shares classified as financial liabilities	<u>12,121</u>	<u>1,212</u>
Total dividend	<u><u>17,742</u></u>	<u><u>9,082</u></u>

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

14. PRIOR YEAR ADJUSTMENT

Material Error in Defined Benefit Pension Deficit

The prior year adjustment is comprised of;
 (Defined benefit pension assets and liabilities must be measured at fair value and the operating costs and changes to assets and liabilities must be recognised in the period they arise according to FRS 102. The fair value was misstated in the prior year and as a consequence the defined benefit pension deficit at 31 December 2016 has been now been restated as €394,101. The retained earnings have been increased by €64,435.

15. CHANGE IN ACCOUNTING POLICIES

A change in the accounting policy for the recognition of the leasing arrangements for property, plant and equipment resulted in the retained earnings being increased by €1,265.

16. INTANGIBLE FIXED ASSETS

	Computer software	Databases	Customer contracts	Development Costs	Goodwill	Total
	€	€	€	€	€	€
Cost						
At 1 January 2017	36,000	24,000	80,000	16,400	80,000	236,400
At 31 December 2017	36,000	24,000	80,000	16,400	80,000	236,400
Provision for diminution in value						
At 1 January 2017	18,000	12,000	40,000	10,250	40,000	120,250
Charge for year	9,000	6,000	20,000	2,050	20,000	57,050
At 31 December 2017	27,000	18,000	60,000	12,300	60,000	177,300
Carrying amount						
At 31 December 2017	9,000	6,000	20,000	4,100	20,000	59,100
At 31 December 2016	18,000	12,000	40,000	6,150	40,000	116,150

The customer contracts, computer software and databases were obtained on acquisition of a competitor in December 2015. Goodwill was acquired at that time as well. The amounts on these items are being amortised over a period of 4 years.

Development costs were capitalised in 2011 and are being amortised over a period of 8 years.

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and Buildings €	Long leasehold property €	Plant and machinery €	Fixtures, fittings and equipment €	Computer equipment €	Total €
Cost or Valuation						
At 1 January 2017	287,218	26,166	273,287	231,976	139,656	958,303
Additions	-	-	-	2,968	125,000	127,968
Foreign currency exchange differences	-	-	-	(320)	(2,134)	(2,454)
At 31 December 2017	<u>287,218</u>	<u>26,166</u>	<u>273,287</u>	<u>234,624</u>	<u>262,522</u>	<u>1,083,817</u>
Depreciation						
At 1 January 2017	39,909	1,536	251,942	182,287	133,050	608,724
Charge for the year	6,636	523	5,646	11,587	3,790	28,182
At 31 December 2017	<u>46,545</u>	<u>2,059</u>	<u>257,588</u>	<u>193,874</u>	<u>136,840</u>	<u>636,906</u>
Carrying amount						
At 31 December 2017	<u><u>240,673</u></u>	<u><u>24,107</u></u>	<u><u>15,699</u></u>	<u><u>40,750</u></u>	<u><u>125,682</u></u>	<u><u>446,911</u></u>
At 31 December 2016	<u><u>247,309</u></u>	<u><u>24,630</u></u>	<u><u>21,345</u></u>	<u><u>49,689</u></u>	<u><u>6,606</u></u>	<u><u>349,579</u></u>

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

18. INVESTMENT PROPERTIES

	Investment properties
	€
Valuation	
Additions	44,592
Revaluation	7,120
	<u> </u>
At 31 December 2017	51,712
	<u> </u>
Carrying amount	
At 31 December 2017	51,712
	<u><u> </u></u>

19. INVESTMENTS

	Subsidiary undertakings shares	Listed investments	Total
	€	€	€
Investments			
Cost or Valuation			
At 1 January 2017	128,241	607	128,848
Revaluations	-	149	149
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2017	128,241	756	128,997
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 December 2017	128,241	756	128,997
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
At 31 December 2016	128,241	607	128,848
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
		2017	2016
		€	€
Market value of listed investments		1,000	900
		<u><u> </u></u>	<u><u> </u></u>

If the listed investments were sold at their valuation, a tax charge not exceeding €100.00 (2016 - €80.00) would arise.

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

continued

19.1. Holdings in related undertakings

The company holds 20% or more of the share capital of the following companies:

Name	Registered office / Principal place of business	Nature of business	Details of investment	Proportion held by company
Subsidiary undertaking SH Enterprises Limited	16 Trent Road Kent London KA3 8PR United Kingdom	Antiques Auctioneers	Ordinary	100%
GK Holdings Limited	12 Osprey Way Essex London CD2 AC3 United Kingdom	Antiques Auctioneers	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Year ended	Capital and reserves €	Profit for the year €
SH Enterprises Limited	31 December 2017	1,000	500
GK Holdings Limited	31 December 2017	5,000	2,500

In the opinion of the directors, the shares of the company's unlisted investments are worth at least the amount at which they are stated in the Statement of Financial Position.

20. INVENTORIES	2017	2016
	€	€
Goods for resale	4,985,289	5,757,038
21. RECEIVABLES	2017	2016
	€	€
Trade receivables	3,696,985	3,592,486
Amounts owed by group companies (Note 35)	1,209,342	1,222,074
Amounts owed by connected parties (Note 35)	20,866	81,453
Directors' current accounts (Note 34)	62,536	96,400
Prepayments	310,307	305,303
	5,300,036	5,104,916

Amounts falling due after more than one year and included in receivables are:

	2017	2016
	€	€
Amounts owed by group companies	1,209,243	1,221,976

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

continued

22. CURRENT ASSET INVESTMENTS	2017	2016
	€	€
Other unlisted investments	555	300
	<u>555</u>	<u>300</u>
Included in the above figure is €444 (2016: €300) of cash equivalent investments.		
23. PAYABLES	2017	2016
Amounts falling due within one year	€	€
Amounts owed to credit institutions	616,521	658,032
Net obligations under finance leases and hire purchase contracts	792,647	731,089
Trade payables	1,168,719	2,000,900
Amounts owed to group companies (Note 35)	1,658,737	286,149
Amounts owed to connected parties (Note 35)	97,804	351,889
Taxation and social welfare (Note 24)	579,133	439,757
Directors' current accounts (Note 34)	34,129	141,287
Shares classified as financial liabilities (Note 29)	5,266	1,422
Derivative liability	3,310	-
Pension accrual	1,016	-
Accruals	595,885	560,034
	<u>5,553,167</u>	<u>5,170,559</u>
24. PAYABLES	2017	2016
Amounts falling due after more than one year	€	€
Bank loan	1,741,751	1,792,298
Shares classified as financial liabilities (Note 29)	42,890	10,556
Finance leases and hire purchase contracts	566,836	1,311,541
	<u>2,351,477</u>	<u>3,114,395</u>
Loans		
Repayable in one year or less, or on demand (Note 22)	616,521	658,032
Repayable between two and five years	1,741,751	1,792,298
	<u>2,358,272</u>	<u>2,450,330</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	792,647	731,089
Repayable between two and five years	566,836	1,311,541
	<u>1,359,483</u>	<u>2,042,630</u>
25. TAXATION AND SOCIAL WELFARE	2017	2016
	€	€
Payables:		
VAT	469,490	248,767
Corporation tax	25,761	31,656
PAYE	75,748	150,200
PRSI	8,134	9,134
	<u>579,133</u>	<u>439,757</u>

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

continued

26. PROVISIONS FOR LIABILITIES

The amounts provided for are analysed below:

	Capital allowances	Post- retirement benefits	Total	Total
	€	€	2017	2016
			€	€
At year start	256,000	394,100	650,100	351,799
Charged to profit and loss	62,500	-	62,500	298,301
Utilised during the year	-	(117,000)	(117,000)	-
At year end	<u>318,500</u>	<u>277,100</u>	<u>595,600</u>	<u>650,100</u>

The amounts under post-retirement benefits relate to the defined benefit pension scheme.

27. FINANCIAL INSTRUMENTS

The company has chosen to apply the provisions of section 11 and 12 of FRS 102 to account for all of its financial instruments.

	2017	2016
	€	€
Financial assets at fair value through profit or loss		
Listed investments	<u>607</u>	<u>607</u>
Financial assets that are debt instruments measured at amortised cost		
Trade receivables	3,696,985	3,592,486
Other receivables	1,292,744	1,399,927
Cash and cash equivalents	1,526,573	1,083,832
	<u>6,516,302</u>	<u>6,076,245</u>
Financial liabilities measured at amortised cost		
Amounts owed to credit institutions	2,358,272	2,450,330
Trade payables	1,168,719	2,000,900
	<u>3,526,991</u>	<u>4,451,230</u>

Credit risk

The company is at risk from its customers defaulting in making payments that have been supplied to them, because often the amounts involved require the customers to source the finance from banks and other lenders.

To minimise the 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.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Market risk

The company varies the price range of available stock, so as to deal with volume business at lower prices during such times, thereby reducing the risk.

Liquidity risk

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking facilities and reserve borrowing facilities. The process is the continuing monitoring of both forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

28. PENSION COSTS - DEFINED CONTRIBUTION

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 fund. Pension costs amounted to €216,781 (2016 - €221,644).

Unpaid contributions outstanding at 31 December 2017 amounted to €1,016 (31 December 2016 - €0.00).

Prepaid contributions at 31 December 2017 amounted to €1,380 (31 December 2016 - €5,303).

29. PENSION COSTS - DEFINED BENEFIT

The company also operates a defined benefit pension scheme for its employees providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with pension fund managers. Contributions to this scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The pension cost of the defined benefit scheme is assessed on an annual basis in accordance with the advice of qualified actuaries using the projected units method.

A full actuarial valuation was carried out at 31 December 2016 and updated to 31 December 2017 by an independent qualified actuary. The major assumptions used by the actuary are as follows:

	2017	2016
Rate of increase in salaries	3.50%	3.50%
Discount rate	4.00%	4.50%
Inflation assumptions	2.25%	2.25%

Assets in the scheme and expected rate of return were:

	Long term expected rate of return	Value €	Long term expected rate of return	Value €
Equities	7.00%	612,500	7.00%	445,600
Bonds	4.00%	85,600	4.50%	59,500
Property	7.00%	39,000	7.00%	22,500
Cash	1.75%	64,600	1.75%	21,200
		<hr/>		<hr/>
Total Market Value of assets		801,700		548,800
Present value of scheme liabilities		(1,078,800)		(942,900)
		<hr/>		<hr/>
Deficit in the scheme		(277,100)		(394,100)
		<hr/>		<hr/>
Net pension liability		(277,100)		(394,100)
		<hr/> <hr/>		<hr/> <hr/>

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

continued

29.1. PENSION COSTS - DEFINED BENEFIT CONTINUED	2017	2016
	€	€
Analysis of the amount charged to operating profit		
Current service cost	53,000	42,500
	<u>53,000</u>	<u>42,500</u>
Analysis of amount credited to other income		
Expected return on pension scheme assets	-	9,200
Net interest on net fund assets/liabilities	4,400	(27,600)
	<u>4,400</u>	<u>(18,400)</u>
Analysis of movement in scheme during the year		
Deficit as at 31 December 2016	(394,100)	(312,889)
Movement in year :		
Current service costs	(53,000)	(42,500)
Contributions to the scheme	119,600	135,800
Net interest on net fund assets/liabilities	4,400	(18,400)
Remeasurement of fund assets and liabilities	46,000	(156,101)
	<u>46,000</u>	<u>(156,101)</u>
Deficit as at 31 December 2017	(277,100)	(394,100)
	<u>(277,100)</u>	<u>(394,100)</u>
Analysis of movement recognised in other comprehensive income		
Actual return on pension scheme assets less expected return	90,100	10,600
Experience gains and losses arising on pension scheme liabilities	60,000	(44,000)
Changes in assumptions underlying the present value of scheme liabilities:		
Financial	(104,100)	(122,701)
	<u>(104,100)</u>	<u>(122,701)</u>
Remeasurement of fund assets and liabilities	46,000	(156,101)
	<u>46,000</u>	<u>(156,101)</u>
Fair value of plan assets movement	78,000	62,000
Actuarial valuation of plan liabilities movement	(32,000)	(218,001)
	<u>(32,000)</u>	<u>(218,001)</u>
Remeasurement of fund assets and liabilities	46,000	(156,101)
	<u>46,000</u>	<u>(156,101)</u>
29.2. PENSION COSTS - DEFINED BENEFIT CONTINUED		
History of pension scheme experience gains and losses	2017	2016
Difference between expected and actual return scheme assets		
Amount	90,100	10,600
Percentage of scheme assets	9.40%	1.50%
Experience gains and losses arising on scheme liabilities		
Amount	60,000	44,000
Percentage of present value of the scheme liabilities	5.60%	4.60%
Total amount recognised in other comprehensive income		
Amount	46,000	156,101
Percentage of the present value of the scheme liabilities	4.30%	-16.60%

29.3. PENSION COSTS - DEFINED BENEFIT CONTINUED

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumptions	Discount Rate	Rate of inflation	Rate of increase in salaries	Rate of mortality
Change in assumption Increase/(decrease) by	-0.30%	0.90%	1.00%	1 Yr
Impact on scheme liabilities Increase/(decrease) by	0.50%	1.20%	1.50%	2.50%

Method of measurement for scheme liabilities

The company provides retirement benefits to some of its former and approximately 70% of current employees through defined benefit schemes. The level of retirement benefit is principally based on salary earned in the last five years of employment.

The liabilities of the defined benefit scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method. This amount is reflected in the deficit in the balance sheet. The projected units method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. The accumulated benefit obligations is an actuarial measure of the present value of benefits for service already rendered but differs from the projected unit method in that it includes no assumption for future salary increases. At the balance sheet date, the accumulated benefit obligation was €575,000.

An alternative method of valuation to the projected unit method is a solvency basis, often estimated using the cost of buying out benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities at the balance sheet date rather than the company continuing to fund the on-going liabilities of the scheme. The company estimates the amount required to settle the scheme liabilities at the balance sheet date is €250,000.

Future funding obligations

The most recently completed triennial actuarial valuation of the company's main retirement benefits fund was performed by an independent actuary for the trustees of the scheme and was carried out as at 24 June 2017. Following the valuation, the company's ordinary contributions rate increased, with effect from 30 June 2017, from 4% of pensionable salaries to 5% representing regular contributions. In addition, the company contributed a further €100,000 to the scheme as a contribution towards its current deficit. The company has agreed with the trustees it will aim to eliminate the deficit over the next 5 years. The company will monitor funding levels on an annual basis. The next triennial valuation is due to be completed as at 24 June 2018. The company considers that the contribution rates agreed with the trustees at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The company has agreed the following funding objectives with trustees:

- To return the on-going funding level of the scheme to 100% of the projected past service liabilities within a period of 5 years measured in accordance with FRS 102;
- Once the funding level of the scheme is 100% of the projected past service liabilities to maintain funding at least at this level; and
- To meet the liabilities of the scheme in the event that the scheme is wound up.

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

29.4. PENSION COSTS - DEFINED BENEFIT CONTINUED

Nature and extent of the risks arising from financial instruments held by the defined benefit scheme

At 31 December 2017 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. In conjunction with the trustees, the company has recently conducted an asset-liability review for its major schemes. These studies are used to assist the trustees and the company to determine the optimal long-term asset allocation with regard to the structure of liabilities within the scheme. The results of the study are used to assist the trustees in managing the volatility in the underlying investment performance and risk of a significant increase in the scheme deficit by providing information used to determine the pension schemes investment strategy.

The majority of the equities held by the scheme are in international blue chip entities. The aim is to hold a globally diversified portfolio of equities, with a target of 75% of equities being held in the UK and Europe, 10% in US equities and the remainder in emerging markets. To maintain a wide range of diversification and to improve return opportunities, up to 5% of equity assets are allocated to high risk markets such as Private Equity and Emerging Markets.

30. SHARE CAPITAL			2017	2016
Description	Number of shares	Value of units	€	€
Allotted, called up and fully paid				
Ordinary A Shares	101,820	€1.25 each	127,275	124,875
Ordinary B Shares	100	€1.25 each	125	125
1% Cumulative Preference Shares	100,000	€1.25 each	125,000	125,000
5% Cumulative Redeemable Preference Shares	48,156	€1 each	48,156	11,978
			<u>300,556</u>	<u>261,978</u>
Equity shares			252,400	250,000
Shares classified as financial liabilities			48,156	11,978
			<u>252,400</u>	<u>250,000</u>
			<u>48,156</u>	<u>11,978</u>

The rights attaching to the A and B shares are as follows:

The A shares shall be entitled to vote at the AGM

The B shares shall be entitled to an annual dividend of €1 per share.

The directors' and the secretary's interests in the share capital of other group companies are as follows:

Name	Company	Class of Shares	Number Held At	
			31/12/17	01/01/17
Holdings in Parent Company				
Mr. Jack Murphy	Gatsby Holdings Limited	Ordinary Shares	95,000	95,000
		Preference Shares	500	500
Mrs. Jill Murphy	Gatsby Holdings Limited	Ordinary Shares*	485,000	-
			<u>485,000</u>	<u>-</u>
Holdings in Subsidiary Undertakings				
Mr. Jack Murphy	GK Holdings Limited	Ordinary Shares	456	456
			<u>456</u>	<u>456</u>

* (shares acquired at date of appointment)

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

31. SHARE-BASED PAYMENTS

Equity-settled share-based payments

The company has a share option scheme for all employees (including directors). Options are exercisable at a price equal to the average market price of the company's shares on the date of grant. The vesting period is usually 3 to 5 years. The exercise of options is also dependent on eligible executives meeting performance criteria. The options may not be exercised unless, over the vesting period, the profit has increased by 10%. The options are settled in equity once exercised.

If the options remain unexercised after a period of 5 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

In the year ended 31 December 2017, options were granted on the following dates: 31 July 2017 and 1 December 2017. The estimated fair value of the options granted on those dates was €20,000 and €10,000 respectively. In the year ended 31 December 2016, options were granted on the following dates: 31 July 2016 and 1 December 2016. The estimated fair values of the options granted on those dates were €20,000 and €10,000 respectively.

32. RESERVES

Share Premium Reserve

The amount carried forward is the premium that arose from the issue of shares in 2016.

Cash Flow Hedge Reserve

The amount is the cumulative loss arising on changes in the fair value of the hedging instrument.

33. CAPITAL COMMITMENTS

The company has not entered into any contracts for future capital expenditure.

34. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2017	2016
	€	€
Directors' remuneration		
Remuneration	719,314	688,796

As permitted by the Companies Act 2014 the following interest free loans were made to the directors:

	Balance at	Advances	Repayments	Amounts	Balance at
	31/12/17			Waived	31/12/2016
	€	€	€	In year	€
	€	€	€	€	€
Mr. Jack Murphy	62,356	62,356	76,400	20,000	(96,400)

Value of the above arrangements expressed as a percentage of the company's net assets;

	01/01/17	31/12/17	01/01/16	31/12/16
	(2.7)%	1.6%	-%	(2.7)%

	2017	2016
	€	€
The following amounts are repayable to the directors:		
Mrs. Jill Murphy	34,129	141,287

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

continued

Net balances with the directors:	2017	2016
	€	€
Mr. Jack Murphy	62,536	(96,400)
Mrs. Jill Murphy	(34,129)	(141,287)
	<u>28,407</u>	<u>(237,687)</u>

35. RELATED PARTY TRANSACTIONS

The company trades with other group companies on a regular basis. All transactions are conducted on an arm's length basis and consist of the reallocation of administration overheads.

The balance with GK Holdings Limited includes a trading amount owed to that company of €1,592,505 (2014: €210,000).

The following amounts are receivable at the year end:

	Balance 2017	Movement in year	Balance 2016	Maximum in year
	€	€	€	€
Corrig Court Limited	<u>20,866</u>	<u>(60,587)</u>	81,453	<u>83,797</u>

The following amounts are due to other connected parties:

	2017	2016
	€	€

Corrig Court Limited	<u>97,804</u>	<u>351,889</u>
----------------------	----------------------	----------------

Net balances with other connected parties:

	2017	2016
	€	€

Corrig Court Limited	<u>(76,938)</u>	<u>(270,436)</u>
----------------------	------------------------	------------------

The parties are connected because they share common directors.

The company rents premises from Mr Jack Murphy, a director of the company, at a charge of €152,500 per annum.

Transactions and balances with group companies:

	2017	2016
	€	€
Group Company Receivables		
SH Enterprises Limited	<u>1,209,342</u>	<u>1,222,074</u>
Group Company Payables		
GK Holdings Limited	<u>1,652,100</u>	268,595
SH Enterprises Limited	<u>6,637</u>	17,554
	<u>1,658,737</u>	<u>286,149</u>

36. PARENT COMPANY

The company regards Gatsby Holdings Limited as its parent company.

Gatsby Wholesales Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

37. CHANGES IN EQUITY

Other Comprehensive Income	2017	2016
	€	€
Retained earnings foreign exchange difference on net investments	(2,454)	-
Retained earnings staff defined benefit pension remeasurement	46,000	(156,101)
Retained earnings gain on hedging instruments re net assets of foreign operations	567	-
Cash flow hedge reserve increase in fair value	(1,234)	-
	<u>42,879</u>	<u>(156,101)</u>

38. CASH AND CASH EQUIVALENTS

	2017	2016
	€	€
Cash and bank balances	117,290	1,083,532
Bank overdrafts	(589,271)	(630,061)
Cash equivalents	1,409,283	300
	<u>937,302</u>	<u>453,771</u>

€123,000 is not available for use by the company because of foreign exchange controls.

39. HEDGES

The Cash Flow Hedge Reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of Cash Flow Hedge Reserve will be reclassified to the profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the company's accounting policy.

Gains and losses on hedging instruments for hedges of net assets of foreign operations are included in Retained Earnings in accordance with the company's accounting policy.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 9 May 2018.

GATSBY WHOLESALERS LIMITED

SUPPLEMENTARY INFORMATION

RELATING TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOT COVERED BY THE REPORT OF THE AUDITORS

THE FOLLOWING PAGES DO NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

Gatsby Wholesales Limited
SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS
TRADING STATEMENT
for the year ended 31 December 2017

	2017 €	2016 €
Sales		
Wholesales	39,156,324	35,208,976
Direct sales	3,380,522	3,105,478
Other sales	242,259	135,756
Wholesales - Europe	7,652,987	6,841,230
Wholesales - Rest of World	4,411,145	5,521,722
	<u>54,843,237</u>	<u>50,813,162</u>
 Cost of sales		
Opening inventories	5,757,038	4,670,890
Purchases	49,849,029	47,677,993
Wages and salaries	1,983,702	1,753,735
Depreciation of tangible assets	5,646	13,336
Light, heat and power	200,055	235,971
	<u>57,795,470</u>	<u>54,351,925</u>
Closing inventories	(4,985,289)	(5,757,038)
	<u>52,810,181</u>	<u>48,594,887</u>
 Gross profit	 <u>2,033,056</u>	 <u>2,218,275</u>
Gross profit Percentage	<u>3.7%</u>	<u>4.4%</u>
 Distribution Costs		
Telephone	193,496	204,006
Entertaining	12,827	7,540
	<u>206,323</u>	<u>211,546</u>

Gatsby Wholesales Limited
SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS
TRADING STATEMENT
for the year ended 31 December 2017

	2017 €	2016 €
Administrative expenses		
Wages and salaries	68,764	65,591
Directors' remuneration	718,814	688,396
Employer's Contributions	153,049	214,335
Staff defined contribution pension costs	216,781	221,644
Staff defined benefit current service costs	53,000	42,500
Employer contributions to the pension scheme	(119,600)	(135,800)
Staff training	9,874	1,300
Commissions payable	2,314	-
Use of premises	143,427	79,603
Rent payable	1,089	3,108
Rates	236,282	222,221
Insurance	125,392	125,403
Computer bureau costs	76,092	81,128
Light and heat	45,826	43,131
Cleaning	59,275	52,220
Printing, postage and stationery	112,298	106,156
Telephone	1,564	-
Motor expenses	16,298	20,928
Equity-settled share-based payments	2,300	-
Legal and professional	22,835	10,045
Bad debts	-	949
Discounts allowed	221	-
Profit/loss on exchange	(2,198)	-
Canteen	263	-
Impairment of short-term debtors	1,500	-
Impairment of short-term creditors	(3,700)	-
General expenses	146,757	10,336
Auditor's remuneration	21,547	33,047
Depreciation of tangible assets	22,538	27,439
Depreciation of intangible assets	57,050	-
	<u>2,189,652</u>	<u>1,913,680</u>
Finance		
Interest expense on financial assets using effective rate of return	20	-
Interest expense on long-term debtors using effective rate of return	5,678	-
Interest expense on financial liabilities using effective rate of return	4,321	-
Bank interest paid	19,010	42,071
Finance charge paid on shares classified as financial liabilities	12,121	1,212
	<u>41,150</u>	<u>43,283</u>

Gatsby Wholesales Limited
SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS
TRADING STATEMENT
for the year ended 31 December 2017

	2017 €	2016 €
Miscellaneous income		
Commission received as other operating income	622,056	304,260
Fees received as other operating income	167,860	177,888
Expected return on pension scheme assets	-	9,200
Net interest on pension fund assets/liabilities	4,400	(27,600)
Bank interest	11,060	3,398
Interest income on financial assets using effective rate of return	50	-
Interest income on long term debtors using effective rate of return	43,210	-
Interest income on financial liabilities using effective rate of return	10,123	-
Income from listed investments	21	40
Income from unlisted investments	12,389	-
Income from subsidiaries	-	3,488
Other gains and losses	4,596	-
	<u>875,765</u>	<u>470,674</u>
Net profit	<u><u>471,696</u></u>	<u><u>520,441</u></u>

RELATE INTEGRATED SUITE



**DRIVE CRM &
Practice Management**



**Accounts
Production**



**Company
Secretary**



**Personal
Tax**



**Corporation
Tax**



**Surf
Accounts**



Full training is available at our office in Dublin. Contact training@relate-software.com for more details.

FIND ALL THE INFO YOU NEED

Partners

Can easily review
KPI's, see real-time
financial information

Managers

Can keep track of
workflow & deadlines.

Staff

Can review their
workload easily
ensuring it's
completed on time.

GET IN TOUCH

relate
software



Call us
+353 1 459 7800



Office
Unit D6,
South City Business Park,
Whitestown Way
Tallaght, Dublin 24
D24 P940

Sales
sales@relate-software.com

Support
support@relate-software.com



Relate Software



@RelateSoftware