Company Registration No. 01222422

Fearing International (Stock-Aids) Limited

Annual Report and Financial Statements

31 December 2014

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Fearing International (Stock-Aids) Limited

Annual report and financial statements 2014

Contents

Fearing International (Stock-Aids) Limited

Officers and professional advisers

DIRECTORS

Stuart Clive WARD
Kevin David PARKER

COMPANY SECRETARY

Louis-Marie ALLAIN

REGISTERED OFFICE

Fearby Road
Masham
Ripon
HG4 4ES
United Kingdom

BANKERS

Barclays Bank Plc
PO Box 190
1 Park Row
Leeds
LS1 5WU

SOLICITORS

Squire Sanders (UK) LLP
2 Park Lane
Leeds
LS3 1ES

AUDITOR

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
Leeds
LS1 4BN
United Kingdom

Director's report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

An exemption has been taken from preparing a Strategic report and the Director's report has been prepared in accordance with the provisions applicable to companies entitled to the small company exemption.

Business review and principal activities

The company's principal activity during the year was that of the distribution of animal identification tags and other agricultural products. The Directors consider the current level of performance to be satisfactory.

As shown in the income statement on page 6, the company generated a profit after taxation for the year ended 31 December 2014 of £94,208 (2013: £72,617) from revenue of £1,909,470 (2013: £2,242,552).

The statement of financial position on page 8 shows the financial position at 31 December 2014. Net assets at the year end increased to £986,789 (2013: £892,581).

Dividends

No dividends were paid during the year (2013: £nil).

Risks and uncertainties

The Board has a policy of continuous identification and review of key business risks and oversees the development of processes to ensure that these risks are managed appropriately. The key risks identified by the Board include:

Economic conditions

In recent years the agricultural sector has been subject to a number of adverse factors, such as changes in subsidy regimes, competition from lower cost overseas producers and a consequent reduction in the overall UK flock and herd size. The Directors have sought to mitigate the impact of these factors by seeking out and exploiting opportunities in non-agricultural markets.

Liquidity risk

The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Credit risk

The company's principal financial assets include cash and trade debtors. The credit risk of liquid funds is limited, as the counterparties are banks with high credit ratings as assigned by international credit rating agencies. There is no significant concentration of credit risk within the trade debtor balance.

The company's principal financial liabilities include trade payables and other taxes. These liabilities do not bear interest. The company does not enter into any derivative instruments for hedging or other purposes.

Key performance indicators

The Board monitors its performance by reference to a number of key performance indicators of which the most important are noted below. The Board considers the performance in the current year to be in line with expectation.

- Revenue £1,909,470 (2013: £2,242,552).
- Earnings before interest, depreciation and tax £147,490 (2013: £121,173).
- Net assets £986,789 (2013: £892,581).

Director's report (continued)

Prospects and post balance sheet events

The Directors expect the company to remain profitable in the coming year.

There are no post balance sheet events that require disclosure.

Directors

The Directors, who served throughout the year and to the date of this report except as noted, is as follows:

Stuart Clive WARD

Kevin David PARKER (appointed 15 April 2015)

Going concern

The Directors have considered the risks and uncertainties set out above when assessing the going concern assumption. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities for a period of at least 12 months from the signing of the financial statements.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to auditor

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who is a Director at the date of approval of this Director's report confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information.

Auditor

Deloitte LLP resigned on 27 October 2014 and Grant Thornton UK LLP were appointed to fill a casual vacancy. A resolution re-appointing Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 20 May 2015.

Kevin David PARKER

Finance Director

Fearing International (Stock-Aids) Limited

Director's responsibilities statement

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 year. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Independent Auditor's Report To The Members Of Fearing International (Stock Aids) Limited

We have audited the financial statements of Fearing International (Stock Aids) Limited for the year ended 31 December 2014 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Directors' Responsibilities Statement 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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:
- 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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.

Grant Thornton UK LLP

Mark Overfield, BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

21 May 2015

Fearing International (Stock-Aids) Limited

Income statement
For the year ended 31 December 2014

	Notes	2014 £	2013 £
Revenue	2	1,909,470	2,242,552
Cost of sales		(919,616)	(1,171,747)
Gross profit		989,854	1,070,805
Distribution costs		(109,100)	(124,502)
Administration expenses		(760,152)	(851,869)
Operating profit		120,602	94,434
Finance costs	5	-	(7)
Profit before taxation	3	120,602	94,427
Taxation	6	(26,394)	(21,810)
Profit after taxation		94,208	72,617

There have been no items of income or expense other than as reported above. Accordingly, no separate statement of comprehensive income has been presented.

All activity has arisen from continuing operations.

The accompanying notes are an integral part of the financial statements.

Fearing International (Stock-Aids) Limited
Statement Of Changes In Equity

For the year ended 31 December 2014

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 January 2013	1,275	818,689	819,964
Profit for the year	-	72,617	72,617
Balance at 1 January 2014	1,275	891,306	892,581
Profit for the year	-	94,208	94,208
Balance at 31 December 2014	1,275	985,514	986,789

Fearing International (Stock-Aids) Limited
Statement of Financial Position

As at 31 December 2014

	Notes	31 December 2014 £	31 December 2013 £
Non-current assets			
Intangible assets	7	81,268	81,268
Property, plant and equipment	8	49,283	74,813
		130,551	156,081
Current assets			
Inventories	9	271,657	255,794
Trade and other receivables	10	692,226	642,025
Cash and cash equivalents	11	120,690	117,706
		1,084,573	1,015,525
Total assets		1,215,124	1,171,606
Current liabilities			
Trade and other payables	12	(211,574)	(271,340)
Current tax liability		(16,761)	(6,089)
		(228,335)	(277,429)
Net current assets		856,238	738,096
Non-current liabilities			
Deferred tax liability	13	-	(1,596)
Total liabilities		(228,335)	(279,025)
Net assets		986,789	892,581
Equity			
Share capital	14	1,275	1,275
Retained earnings	15	985,514	891,306
Shareholders' funds		986,789	892,581

These financial statements of Fearing International (Stock Aids) Limited, registered number 01222422, were approved by the Board of Directors and authorised for issue on 20 May 2015.

Signed on behalf of the Board of Directors

Kevin David PARKER

Finance Director

The accompanying notes are an integral part of the financial statements.

Fearing international (Stock-Aids) limited
Cash Flow Statement

For the year ended 31 December 2014

	Notes	2014 £	2013 £
Net cash flow from/(used in) operating activities	16	4,392	(100,304)
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		616	-
Purchase of property, plant and equipment		(2,024)	(37,495)
Net cash used in investing activities		(1,408)	(37,495)
Net increase/(decrease) in cash and cash equivalents		2,984	(137,799)
Cash and cash equivalents at beginning of year		117,706	255,505
Cash and cash equivalents at end of year		120,690	117,706

Fearing International (Stock-Aids) Limited
Notes To The Financial Statements

For the year ended 31 December 2014

1. Accounting policies

Fearing International (Stock-Aids) Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and principal activities are set out on page 2.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial statements have also been prepared in accordance with IFRS adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulations.

The financial statements have been prepared on the historical cost basis.

International Financial Reporting Standards

In previous years, the company recognised goodwill arising on a prior business combination. At the time of transition to IFRS on 1 July 2010, amortisation of these goodwill balances ceased in accordance with IAS38 *Intangible Assets*. The directors have taken advantage of the transitional exemptions available under IFRS 3 *Business Combinations* and have not restated balances relating to previous business combinations.

Basis of accounting

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)*
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)*
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)*
- IFRIC Interpretation 21 Levies (IASB effective 1 January 2014)**
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (IASB effective date 1 July 2014)****
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)*
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)*
- Annual Improvements to IFRSs 2010-2012 Cycle (IASB effective date generally 1 July 2014)****
- Annual Improvements to IFRSs 2011-2013 Cycle (IASB effective date 1 July 2014)***
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)*
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)*
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)*
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)*

* Not adopted by the EU (as at 9 January 2015).

** EU mandatory effective date is financial years starting on or after 17 June 2014.

*** EU mandatory effective date is financial years starting on or after 1 January 2015

**** EU mandatory effective date is financial years starting on or after 1 February 2015.

The Directors have taken advantage of the transitional exemption from applying IFRS3 *Business Combinations* retrospectively.

1. **Accounting policies (continued)**

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements in future years, except as follows:

- IFRS 9 may impact both the measurement and disclosures of Financial Instruments.

Beyond the information above, it is not practical to provide a reasonable estimate of the effect of these standards until a detailed review is performed.

Going concern

The Directors have considered the risks and uncertainties set out within the director's report when assessing the going concern assumption. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, for at least 12 months from the date of signing the financial statements. Accordingly, he continues to adopt the going concern basis in preparing the financial statements.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Goodwill

The company recognises goodwill at cost less accumulated amortisation and impairment losses. Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of the business acquired. Where it is believed the carrying value of goodwill suffers any impairment, the fall in value is charged immediately to the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

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

Leasehold improvements	10 years
Plant and machinery	4 to 7 years
Furniture and equipment	4 years
Computer software	2 to 4 years
Motor vehicles	4 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of goodwill and tangible assets

At every balance sheet date, a review of the carrying amounts of the goodwill and tangible assets is performed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1. Accounting policies (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or damaged items where appropriate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand 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 changes in value.

Short-term provisions

Short-term provisions are recognised when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle that obligation. Short-term provisions are measured at the Director's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, returns, VAT and other sales related taxes.

In the case of goods sold, revenue is recognised on delivery of goods when the significant risks and rewards of ownership are deemed to have passed to the customer.

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

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

The company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Operating profit or loss

Operation profit or loss is stated before finance costs.

Taxation

The taxation expense represents the sum of the tax currently payable and deferred tax. The taxation currently payable is based upon the taxable profit for the accounting year. Taxable profit differs from net profit as

Fearing International (Stock-Aids) Limited
Notes To The Financial Statements

For the year ended 31 December 2014

1. Accounting policies (continued)

Taxation (continued)

reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Taxation

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial assets and liabilities

Financial assets and liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument. The company has no borrowings other than from related parties. The company does not use derivative financial instruments for speculative or any other purposes.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to the profit and loss account.

Pension costs

The Company operates a defined contribution pension scheme. The amount charged to the Income Statement in respect of pension cost is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Fearing International (Stock-Aids) Limited
Notes To The Financial Statements

For the year ended 31 December 2014

1. **Accounting policies (continued)**

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future years.

The Directors consider that there is estimation uncertainty around the carrying value of goodwill. Determining whether goodwill is impaired requires an estimation of the value in use of the intangible asset. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the asset or cash generating unit to which the goodwill relates and a suitable discount rate in order to calculate present value. The Directors consider that there is no indication of impairment of the goodwill in the current year.

2. **Revenue**

An analysis of revenue is as follows:

	2014 £	2013 £
Continuing operations		
Sale of goods	1,909,470	2,242,552
Total revenue	1,909,470	2,242,552

The Directors consider that there is only one class and segment of revenue since this is the level at which information is regularly reviewed by the entity's chief operating decision maker.

3. **Profit before taxation**

Profit before taxation has been arrived at after charging/(crediting):

	2014 £	2013 £
Depreciation of property, plant and equipment	26,888	26,739
Loss on disposal of property, plant and equipment	50	-
Staff costs (see note 4)	294,915	403,636
Rentals under operating leases		
- land & buildings	37,000	41,786
- other	18,384	22,834
Net foreign exchange losses	460	10,215
Cost recharged by group company	127,953	71,956
Fees payable to the company's auditor for the audit of the company's annual accounts	4,800	5,500
Fees payable to the company's auditor for other services	1,750	3,000
Total fees payable to the company's auditor	6,550	8,500

4. Staff costs

a) The aggregate remuneration comprised:

	2014 £	2013 £
Wages and salaries	259,979	362,758
Social security costs	24,545	30,819
Other pension costs (see note 19)	10,391	10,059
	294,915	403,636

The aggregate balance of emoluments paid to the Directors, including pension payments was £nil (2013: £10,498). The amount of contributions paid in the year was £nil (2013: £690). Management consider the statutory Directors to be the key management personnel of the company.

b) The average number of persons employed by the company during the accounting year was as follows:

	Average number of employees	
	2014 No.	2013 No.
Sales, distribution and administration	11	16

5. Finance costs

	2014 £	2013 £
Bank interest	-	7

6. Taxation

The tax charge for the year is £26,394 (2013: £21,810).

	2014 £	2013 £
Corporation tax:		
Current year	29,661	23,004
	29,661	23,004
Deferred tax (note 13)	(3,267)	(1,194)
	26,394	21,810

6. Taxation (continued)

The taxation charge for the year can be reconciled to the profit before taxation shown in the income statement as follows:

	2014 £	2013 £
Profit before tax	120,602	94,427
Income tax calculated at 21% (2013: 23%)	25,326	21,951
Other	3,428	-
Expenses not deductible for tax purposes	226	87
Impact of reduction of UK tax rate	(2,586)	(228)
	26,394	21,810

The UK Government announced in March 2014 that it intended to reduce the main rate of UK corporation tax from 23% to 20% and Finance Act 2014, which was enacted on 17 July 2014, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and then by a further 1% to 20% from 1 April 2015.

7. Intangible assets

	Goodwill £	Total £
Cost		
At 1 January 2013, 31 December 2013 and 31 December 2014	184,001	184,001
Amortisation		
At 1 January 201, 31 December 2013 and 31 December 2014	102,733	102,733
Carrying amount		
At 31 December 2012, 31 December 2013 and 31 December 2014	81,268	81,268

Fearing International (Stock-Aids) Limited
Notes To The Financial Statements

For the year ended 31 December 2014

8. Property, plant and equipment

	Leasehold improvements	Plant and machinery	Furniture and equipment	Vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2013	72,697	134,506	148,880	-	356,083
Additions	-	-	10,997	26,498	37,495
Disposals	-	(10,675)	(40,187)	-	(50,862)
At 31 December 2013	72,697	123,831	119,690	26,498	342,716
Additions	-	-	2,024	-	2,024
Disposals	-	(38,590)	-	-	(38,590)
At 31 December 2014	72,697	85,241	121,714	26,498	306,150
Accumulated depreciation					
At 1 January 2013	63,731	130,363	97,932	-	292,026
Charge for the year	6,729	1,922	18,088	-	26,739
Eliminated on disposals	-	(10,675)	(40,187)	-	(50,862)
At 31 December 2013	70,460	121,610	75,833	-	267,903
Charge for the year	720	1,046	18,497	6,625	26,888
Eliminated on disposal	-	(37,924)	-	-	(37,924)
At 31 December 2014	71,180	84,732	94,330	6,625	256,867
Carrying amount					
At 31 December 2014	1,517	509	27,384	19,873	49,283
At 31 December 2013	2,237	2,221	43,857	26,498	74,813
At 31 December 2012	8,966	4,143	50,948	-	64,057

9. Inventories

	2014	2013
	£	£
Goods for resale	271,657	255,794

The net replacement value of inventories is not considered to be materially different from that stated in the balance sheet.

For the year ended 31 December 2014

10. Trade and other receivables

	2014	2013
	£	£
Trade receivables	156,993	139,289
Allowances for doubtful debts	(13,854)	(12,665)
	143,139	126,624
Other receivables and prepayments	29,727	55,401
Deferred tax asset (note 13)	1,671	-
Amounts owed by related undertakings	517,689	460,000
	692,226	642,025

Ageing of past due but not impaired receivables

	2014	2013
	£	£
0-30 days	(8,913)	(205)
30-60 days	3,834	4,407
Over 60 days	12,989	6,830
Total	7,910	11,032

No interest is charged on any trade receivables that are overdue. A provision has been made for the estimated irrecoverable amounts included in trade receivables. This provision has been determined by reference to past default experience and knowledge of the individual circumstances of certain debtors.

Before accepting any new customer, the company performs credit checks and reviews trade references in order to assess the potential customer's credit quality and then defines credit limits by individual customer. Credit risk is managed on a regular basis in order to minimise the exposure by reviewing adherence to settlement terms. Credit limits and terms are only increased based on past settlements.

In determining the recoverability of any trade receivables, the company considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of the accounting year. The concentration of credit risk is limited due to the varied customer base.

The movements in the allowance for doubtful debts are as follows:

	2014	2013
	£	£
Balance at the beginning of the year	12,665	9,278
Impairment provision created during the year	1,189	3,387
Balance at the end of the year	13,854	12,665

11. Cash and cash equivalents

	2014	2013
	£	£
Cash at bank and in hand	120,690	117,706

12. Trade and other payables

	2014 £	2013 £
Trade payables	81,096	110,727
Other payables and accruals	51,983	61,871
Amounts owed to related undertakings	36,767	57,333
Other taxes and social security costs	41,728	41,409
	211,574	271,340

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit year taken for trade purchases is 45 days. For most suppliers no interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair values.

13. Deferred tax (asset)/liability

The following are the major deferred tax balances recognised by the company and movements thereon during the current year.

	Total £
At 1 January 2014	1,596
Credit for year	(3,267)
As 31 December 2014	(1,671)

Deferred tax relates to timing differences over fixed assets balances held.

14. Called up share capital

Issued share capital

	2014 £	2013 £
Allotted, called up and fully paid:		
1,275 ordinary shares of £1 each	1,275	1,275

15. Retained earnings

	£
Balance at 1 January 2013	818,689
Net profit for the year	72,617
Balance at 31 December 2013	891,306
Net profit for the year	94,208
Balance at 31 December 2014	985,514

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16. Note to the cash flow statement

	2014 £	2013 £
Profit for the year	94,208	72,617
Adjustments for:		
Income tax expense	26,394	21,810
Depreciation of property, plant and equipment	26,888	26,739
Loss on disposal of property, plant and equipment	50	-
Operating cash flows before movements in working capital	147,540	121,166
(Increase)/decrease in inventories	(15,863)	150,182
(Increase) in trade and other receivables	(48,530)	(368,180)
(Decrease)/increase in payables	(59,766)	19,085
Cash generated by operations	23,381	(77,747)
Income taxes paid	(18,989)	(22,557)
Net cash flow from/(used in) operating activities	4,392	(100,304)

17. Operating lease arrangements

	2014 £	2013 £
Minimum lease payments under operating leases recognised as an expense in the year		
- land & buildings	37,000	41,786
- other	18,384	22,834

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2014 £	Other 2014 £	Land and buildings 2013 £	Other 2013 £
Operating leases which expire:				
Within one year	14,004	13,974	19,254	17,894
In the one to two years inclusive	-	12,504	-	12,504
In the third to fifth years inclusive	-	2,084	-	14,587
	14,004	28,562	19,254	44,985

18. Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in the accounting policies of these Financial statements.

(a) Categories of financial instruments

	2014 £	2013 £
Financial assets – measured at amortised cost		
Cash and cash equivalents	120,690	117,706
Trade and other receivables	660,828	586,624
Financial liabilities - measured at amortised cost		
Trade and other payables	159,591	209,469

(b) Financial risk management objectives

The company's Directors monitor and manage the financial risks relating to the operations of the company through internal risk reports and analyses exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(c) Market risk

The company's exposure to interest risk is deemed to be limited since no interest is accrued on its financial liabilities. The Directors seek to address price risk through negotiation with suppliers and optimised inventory purchasing procedures.

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The company only transacts with entities that have a good credit rating. The company uses publicly available financial information and its own trading records to rate its major customers. The company's exposure and the credit ratings of its counterparties are continuously monitored and controlled by the Treasury department.

As the principal business of the company is retail related, trade receivables consist of a relatively small number of customers, although spread across diverse business sectors. Ongoing credit evaluation is performed on the financial condition of accounts receivables.

The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk.

Fearing International (Stock-Aids) Limited
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18. Financial instruments (continued)

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecasts and actual cash flows.

The following table details the company's remaining contractual maturity of its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay the liability.

	2014 £	2013 £
Financial liabilities		
Trade and other payables – due within 12 months	126,953	209,469

(f) Fair values

The Directors consider that the fair values of the company's trade receivables, cash and cash equivalents, trade payables and provisions approximate to their book value.

19. Defined contribution pension scheme

The company operates defined contribution retirement benefit schemes for all qualifying employees, managed by an external pension provider. The company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to income of £10,391 (2013: £10,059) represents contributions payable to these schemes by the company at rates specified in the rules of the schemes. As at 31 December 2014 contributions of £901 (2013: £783) due in respect of the current reporting year had not been paid over to the schemes.

20. Related party disclosures

	Sales to related parties £	Purchases from related parties £	Management charges between related parties £	Amounts owed by related parties £	Amounts owed to related parties £
For the year ended 31 December 2013:					
Related parties in the group	39,926	236,542	71,956	460,000	57,333
Total	39,926	236,542	71,956	460,000	57,333
For the year ended 31 December 2014:					
Related parties in the group	**25,872**	**301,472**	**127,953**	**517,689**	**36,767**
Total	**25,872**	**301,472**	**127,953**	**517,689**	**36,767**

20. Related party disclosures (continued)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

21. Ultimate parent undertaking

The company is a wholly owned subsidiary of Destron Fearing Corporation, a company incorporated and registered in the United States of America. The ultimate parent undertaking is Allflex Corporation, a company incorporated in the United States of America, which is controlled by funds managed by BC Partners Holdings Limited. The Directors consider there is no ultimate controlling related party.

At the year end, the smallest and largest group in which the results of the company are consolidated is that headed by Allflex Corporation.