

HERBERT RETAIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



HERBERT RETAIL LIMITED

COMPANY INFORMATION

DIRECTORS

C Herbert
C Eddison (resigned 5 April 2019)
M Channen
G Welch
M Gould (appointed 6 April 2019)
J Staines (resigned 19 November 2018)

REGISTERED NUMBER

00103897

REGISTERED OFFICE

18 Rookwood Way
Haverhill
Suffolk
CB9 8PD

INDEPENDENT AUDITORS

Price Bailey LLP
Chartered Accountants & Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

HERBERT RETAIL LIMITED

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HERBERT RETAIL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

INTRODUCTION

The directors present their strategic review of the company for the year ended 31 March 2019.

During the year the Company's principal activities continued to be that of selling and servicing weighing, data capture and labelling solutions together with associated equipment.

BUSINESS REVIEW

The directors are pleased to report that the Company has reported an Operating Profit of £528,000. The effect of the defined benefit pension fund adjustment, which does not affect our trading profit or our cashflow, reduces this to a profit of £366,000. This is a positive result for the year, reflecting our success in focussing on our strengths as a Retail Technology Integrator and an exceptional Service Provider.

Having gone through a period of changes in key management personnel towards the end of the 17/18 year, we have seen a year of stability in this respect in 18/19, allowing management to focus on defining and delivering our strategy. The ERP system which went live in February 2019 is starting to deliver on its promise of enhanced reporting and internal efficiencies, and we are looking forward to seeing even more benefits from this during the 19/20 year and beyond.

Working capital has seen an increase towards the end of the 18/19 year, reflecting again the timing of a number of major projects. However the acid ratio has also seen an improvement over the period.

The Company's financial position continues to be encumbered by the legacy of pension commitments made many years ago but there is a plan agreed with the Trustees to fund our liabilities over a reasonable period of time. All responsibilities in this respect have been and are being met however there has been a significant impact on the pension liability from the estimation of future yields which has driven the reduction in net assets.

Overall the directors continue to focus upon delivering excellent products and services to our customers. External forces such as Brexit still present uncertainty in the industry – which affects the buying decisions of our customers. However, there is a strong focus on technology and there are good opportunities for companies such as Herbert which can harness this new technology as well as providing enterprise-level software and services around these.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company uses various financial instruments. These include items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, primarily interest rate risk and credit risk.

The Company finances its operations through a mixture of retained profits, bank borrowings and finance leases. The Company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

HERBERT RETAIL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL KEY PERFORMANCE INDICATORS

The Board monitors the Company's performance in a number of ways including key performance indicators. The key financial performance indicators together with the information for 2018 and 2017 are as follows:

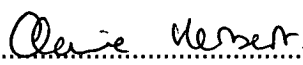
Profit Before tax as a percentage of turnover 3% (2018 - 0.6%).

Trade debtor days of 72 days (2018 - 153 days)

Acid Ratio of 1.30 (2018 - 1.29)

Financial performance is reviewed monthly, with expectations for the financial year updated accordingly. This year net profits were £372 thousand (2018: £Nil). The Company also uses certain non-financial indicators, the most significant of which is the number of employees.

This report was approved by the board on 23.12.2019 and signed on its behalf.


.....
C Herbert
Director

HERBERT RETAIL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

DIRECTORS

The directors who served during the year were:

C Herbert
C Eddison (resigned 5 April 2019)
M Channen
G Welch
J Staines (resigned 19 November 2018)

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £373 thousand (2018 - loss £29 thousand).

During the year no dividend (2017 - £Nil) was paid. The directors do not recommend payment of a final dividend.

FUTURE DEVELOPMENTS

The directors believe that there are no future developments which should be reported.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

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

HERBERT RETAIL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

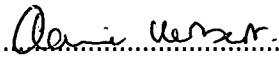
POST BALANCE SHEET EVENTS

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

AUDITORS

Under section 487(2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on **23.12.2019** and signed on its behalf.


.....
C Herbert
Managing Director

HERBERT RETAIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERBERT RETAIL LIMITED

OPINION

We have audited the financial statements of Herbert Retail Limited (the 'Company') for the year ended 31 March 2019, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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 the ISAs (UK) 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.

HERBERT RETAIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERBERT RETAIL LIMITED (CONTINUED)

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 Auditors' 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

HERBERT RETAIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERBERT RETAIL LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Paul Cullen FCCA (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date: 23.12.2019

HERBERT RETAIL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £000	2018 £000
Turnover	4	11,663	12,689
Cost of sales		(9,254)	(9,988)
GROSS PROFIT		2,409	2,701
Distribution costs		(1,037)	(1,365)
Administrative expenses		(843)	(1,168)
OPERATING PROFIT	5	529	168
Interest receivable and similar income	9	-	2
Interest payable and similar charges	10	(162)	(162)
PROFIT BEFORE TAX		367	8
Tax on profit	11	6	(37)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		373	(29)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	2019 £000	2018 £000
Profit for the year	373	(29)
OTHER COMPREHENSIVE INCOME		
Actuarial (loss)/gain on defined benefit schemes	(1,269)	122
Movement on deferred tax relating to pension gains/(losses)	241	(23)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(1,028)	99
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(655)	70

The notes on pages 11 to 29 form part of these financial statements.

HERBERT RETAIL LIMITED
REGISTERED NUMBER: 00103897

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
FIXED ASSETS			
Tangible assets	12	213	219
CURRENT ASSETS			
Stocks	13	3,564	2,640
Debtors: amounts falling due after more than one year	14	1,382	1,151
Debtors: amounts falling due within one year	14	3,820	7,000
Cash at bank and in hand	15	2,430	2,380
		<u>11,196</u>	<u>13,171</u>
Creditors: amounts falling due within one year	16	(4,810)	(7,258)
NET CURRENT ASSETS		6,386	5,913
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,599</u>	<u>6,132</u>
PROVISIONS FOR LIABILITIES			
Other provisions	19	(60)	(153)
Pension liability		(7,276)	(6,061)
NET LIABILITIES		<u>(737)</u>	<u>(82)</u>
CAPITAL AND RESERVES			
Called up share capital	20	100	100
Share premium account	21	98	98
Capital redemption reserve	21	400	400
Profit and loss account	21	(1,335)	(680)
		<u>(737)</u>	<u>(82)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

23.12.2019


C Herbert
 Managing Director

The notes on pages 11 to 29 form part of these financial statements.

HERBERT RETAIL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2018	100	98	400	(680)	(82)
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	373	373
Actuarial losses on pension scheme	-	-	-	(1,028)	(1,028)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(655)	(655)
TOTAL TRANSACTIONS WITH OWNERS	-	-	-	-	-
AT 31 MARCH 2019	100	98	400	(1,335)	(737)

The notes on pages 11 to 29 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2017	100	98	400	(750)	(152)
COMPREHENSIVE INCOME FOR THE YEAR					
Loss for the year	-	-	-	(29)	(29)
Actuarial gains on pension scheme	-	-	-	99	99
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	70	70
TOTAL TRANSACTIONS WITH OWNERS	-	-	-	-	-
AT 31 MARCH 2018	100	98	400	(680)	(82)

The notes on pages 11 to 29 form part of these financial statements.

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION

Herbert Retail Limited is a private company limited by shares incorporated in England and Wales, United Kingdom. The address of the registered office is 18 Rookwood Way, Haverhill, Suffolk, CB9 8PD. The principal activity of the company continued to be that of the supply and service of weighing and labeling equipment.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The accounts are presented to the nearest thousand.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The directors believe the actions taken in recent years to reduce the cost base and eliminate unprofitable activities puts the Company in a strong position to face the challenging market conditions ahead.

The Company's working capital is provided by a composite group bank facility over which cross guarantees are provided by the company (see note 22). The Company has generated an operating profit whilst continuing to repay bank loan and finance lease obligations as they fall due.

The directors prepare financial budgets on an annual basis and monitor predicted financial performance and cash flow on a rolling monthly basis. The Company's forecasts and projections show that the Company will be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements, and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover from the sale of goods is recognised when significant risks and benefits of ownership of the product are transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Turnover from services provided by the company is recognised when the company has performed its obligations and in exchange obtained the right to consideration.

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.4 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 3 - 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.5 CASH FLOW EXEMPTION

The company, being a subsidiary undertaking whose parent company prepares consolidated financial statements which are publicly available, is exempt from the requirement to draw up a cash flow statement.

2.6 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

The valuation does not include the costs of direct labour and production overheads incurred during the assembly activities or testing of bought in units. The cost of these, or effects of any increase or reduction over the year on profit and of the movement on the stock valuation in the balance sheet is considered immaterial.

2.7 DEBTORS

Short term debtors are measured at transaction price, less any impairment

2.8 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.10 CREDITORS

Short term creditors are measured at the transaction price.

2.11 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

2.12 FINANCE COSTS

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.13 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.14 HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.15 INTEREST INCOME

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.16 CORPORATION AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 GUARANTEE PROVISION

Provision is made for the cost of work to be done under guarantee in respect of machines and equipment sold in the year. This provision is calculated by reference to the estimate of labour costs and materials based upon the average number of call-outs per machine, according to past experience shown by the service records.

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

Critical judgements

Guarantee provision

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

When calculating the provision the directors consider the previous history of claims under such guarantees, the length of the guarantee period and the costs involved, and apply these to the goods still covered under guarantee at the year end.

Other estimates and judgements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments in the year ending 31 March 2019 are included in the following notes:

- Measurement of defined benefit obligations (note 23).

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Sales of equipment and services	11,663	12,689

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	11,378	12,378
Rest of Europe	285	311
	11,663	12,689

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £000	2018 £000
Exchange differences	(5)	(4)

6. AUDITORS' REMUNERATION

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	19	18

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries	3,522	4,605
Social security costs	370	401
Cost of defined contribution scheme	139	168
	<u>4,031</u>	<u>5,174</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Production and services	79	76
Sales and administration	36	60
	<u>115</u>	<u>136</u>

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Directors' emoluments	327	502
Company contributions to defined contribution pension schemes	18	50
Compensation for loss of office	-	97
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 4 directors (2018 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £101 thousand (2018 - £118 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5 thousand (2018 - £13 thousand).

9. INTEREST INCOME FROM PENSION

	2019 £000	2018 £000
Expected return on pension scheme assets/interest on pension scheme liabilities	-	2
	<u> </u>	<u> </u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £000	2018 £000
Bank interest payable	1	-
Defined benefit pension scheme interest charge	161	162
	<u> </u>	<u> </u>
	162	162
	<u> </u>	<u> </u>

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11. TAXATION

	2019 £000	2018 £000
CORPORATION TAX		
Adjustments in respect of previous periods	(21)	-
DEFERRED TAX		
Origination and reversal of timing differences	5	29
Deferred tax movements from pension liability	10	8
TOTAL DEFERRED TAX	15	37
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(6)	37

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	367	8
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	70	2
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(5)	2
Capital allowances for year in excess of depreciation	(7)	(29)
Adjustments to tax charge in respect of prior periods	(21)	-
Tax losses (utilised) / carried forward	(58)	25
Deferred tax movement	15	37
TOTAL TAX CHARGE FOR THE YEAR	(6)	37

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Included within deferred tax is £241 thousand (2018: £31 thousand) relating to deferred tax movement on pension liability.

The company has tax losses carried forward of £37 thousand (2018 - £161 thousand) to use against future trading profits.

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. TANGIBLE FIXED ASSETS

	Plant and machinery £000
COST	
At 1 April 2018	1,959
Additions	115
At 31 March 2019	<u>2,074</u>
DEPRECIATION	
At 1 April 2018	1,740
Charge for the year on owned assets	121
At 31 March 2019	<u>1,861</u>
NET BOOK VALUE	
At 31 March 2019	<u>213</u>
At 31 March 2018	<u>219</u>

13. STOCKS

	2019 £000	2018 £000
Raw materials and consumables	<u>3,564</u>	<u>2,640</u>

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. DEBTORS

	2019 £000	2018 £000
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	1,382	1,151
	<u>1,382</u>	<u>1,151</u>
DUE WITHIN ONE YEAR		
Trade debtors	2,322	5,324
Amounts owed by group undertakings	-	505
Other debtors	111	674
Prepayments and accrued income	1,382	488
Deferred taxation	5	9
	<u>3,820</u>	<u>7,000</u>

15. CASH AND CASH EQUIVALENTS

	2019 £000	2018 £000
Cash at bank and in hand	2,430	2,380
	<u>2,430</u>	<u>2,380</u>

16. CREDITORS: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	2,060	1,177
Amounts owed to group undertakings	261	394
Other taxation and social security	305	1,073
Other creditors	164	107
Accruals and deferred income	2,020	4,507
	<u>4,810</u>	<u>7,258</u>

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17. FINANCIAL INSTRUMENTS

	2019 £000	2018 £000
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	2,430	2,380
Financial assets that are debt instruments measured at amortised cost	2,804	6,846
	<u>5,234</u>	<u>9,226</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(2,805)	(1,904)
	<u>(2,805)</u>	<u>(1,904)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

18. DEFERRED TAXATION

	2019 £000
At beginning of year	1,160
Charged to profit or loss	(15)
Charged to other comprehensive income	241
AT END OF YEAR	<u>1,386</u>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	4	9
Pension surplus	1,382	1,151
	<u>1,386</u>	<u>1,160</u>

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

19. PROVISIONS

	Guarantee provision £000
At 1 April 2018	153
Utilised in year	(93)
AT 31 MARCH 2019	60

Guarantee provision

The guarantee provision is made for the cost of work to be done under guarantee in respect of machines and equipment sold in the year. The provision is calculated by reference to the estimate of labour costs and materials based upon the average number of call outs per machine, according to past experience shown by service records.

20. SHARE CAPITAL

	2019 £000	2018 £000
Allotted, called up and fully paid		
99,600 (2018 - 99,600) Ordinary shares of £1.00 each	100	100

21. RESERVES

Share premium account

The share premium represents amounts paid to the company for shares in excess of the par value.

Capital redemption reserve

The capital redemption reserve represents shares bought back by the company from previous shareholders.

Profit and loss account

The profit and loss account represents accumulated comprehensive income of the year and prior periods less any dividends paid.

The closing balance on the profit and loss account includes a £6,206 thousand (2018 - £4,937 thousand) debit, stated after deferred taxation of £1,382 thousand (2018 - £1,152 thousand), in respect of pension scheme liabilities of the group pension scheme.

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. CONTINGENT LIABILITIES

The company has provided the following guarantees:

- guarantee of £20 thousand to HM Revenue and Customs for the import of goods (2018 - £20 thousand)
- an unlimited multilateral guarantee in respect of the bank facilities and borrowings of its parent undertaking and fellow group undertakings. At 31 March 2019 these borrowings amounted to £2,565 thousand (2018 - £2,369 thousand).

The bank facility is secured by a charge over book debts and an unlimited multilateral guarantee given by the company, other group undertakings and its parent company.

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

23. PENSION COMMITMENTS

Defined Contribution Pension Scheme

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Total contributions for the year amounted to £139 thousand (2018: £167 thousand). Contributions totalling £38 thousand (2018 - £20 thousand) were payable to the fund at the balance sheet date and are included in creditors.

Defined Benefit Pension Scheme

The Company operates a Defined Benefit Pension Scheme.

The company operates the Herbert & Sons Limited (1974) Retirement Fund (the Scheme), a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The sponsoring employer of the Scheme is considered to be Herbert Retail Limited. The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

There are two categories of pension scheme members:

- Deferred members: Former employees or current employees of the Company who have accrued benefits in the Scheme, but not yet in payment
- Pensioner members: in receipt of pension

Reconciliation of present value of plan liabilities:

	2019 £000	2018 £000
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	14,344	14,975
Interest cost	382	391
Actuarial (gains) / losses	1,610	(586)
Benefits paid	(484)	(436)
AT THE END OF THE YEAR	15,852	14,344

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

23. PENSION COMMITMENTS (CONTINUED)

Reconciliation of present value of plan assets:

	2019 £000	2018 £000
At the beginning of the year	8,283	8,752
Return on assets	341	(464)
Interest income	220	229
Contributions	216	204
Benefits paid	(484)	(436)
Administration expenses	-	(2)
AT THE END OF THE YEAR	8,576	8,283

Amounts recognised in the balance sheet were as follows:

	2019 £000	2018 £000
Fair value of plan assets	8,576	8,283
Present value of plan liabilities	(15,852)	(14,344)
NET PENSION SCHEME LIABILITY	(7,276)	(6,061)

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Past service costs		
Net interest	(161)	(162)
Administration expenses	-	(2)
TOTAL	(161)	(164)

The amounts recognised in other comprehensive income are as follows:

	2019 £000	2018 £000
Actual return on assets less interest	341	(464)
Actuarial gains and (losses)	(1,610)	586
TOTAL	(1,269)	122

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

23. PENSION COMMITMENTS (CONTINUED)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £NIL (2018 - £NIL).

Future Funding Obligation

The Trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Actuary for the Trustees as at 31 January 2015. This valuation revealed a funding shortfall of £5,984 thousand. The sponsoring employer agreed to pay:

- annual contributions of £192 thousand payable in equal monthly instalments, between 1 April 2016 and 31 December 2031 inclusive, increased by £12 thousand a year on each 1 April for the whole period.
- additional profit-related contributions contingent on the pre-tax profit of the Herbert Group Limited as outlined in the Scheme's Schedule of Contributions dated 16 March 2016.

All Scheme expenses, including the expenses of administering and operating the Scheme; and levies to the Pension Protection Fund and the Pension Regulator are payable directly in addition by the sponsoring employer.

The sponsoring employer therefore expects to pay £228 thousand to the Scheme during the accounting year beginning 1 April 2019.

The amount that each major class of pension plan assets constitutes of the fair value of the total plan assets was as follows:

	2019 £000	2018 £000
Diversity Growth Fund	8,590	8,228
Annuities	6	7
Cash	(20)	47
	<u>8,576</u>	<u>8,282</u>

HERBERT RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

23. PENSION COMMITMENTS (CONTINUED)

The results of the most recent formal actuarial valuation as at 31 January 2015 have been updated to 31 March 2019 by a qualified independent actuary. The assumptions used were as follows:

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.4	2.7
RPI Inflation	3.2	3.1
CPI inflation	2.2	2.1
Rate of increase for pensions in payment		
- 3% or if CPI is less	2.0	1.9
- 5% or CPI is less, with minimum of 3% pa	3.1	3.1
- 5% or CPI if less	2.1	2.1
Rate of increase for deferred pensioners	2.2	2.1

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	2019	2018
Retiring today		
Males	21.5	21.8
Females	23.2	23.7
Retiring in 20 years		
Males	22.5	22.8
Females	24.3	24.9

24. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	62	268
Later than 1 year and not later than 5 years	111	481
	<u>173</u>	<u>749</u>