

Company Registration No. 00197422 (England and Wales)

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

TUESDAY



A8KØJIGH

A07

10/12/2019

#247

COMPANIES HOUSE

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

COMPANY INFORMATION

Directors	J M P Hargreaves A N Hargreaves
Secretary	A M Robins
Company number	00197422
Registered office	Tameside Paper Mill Knowl Street Stalybridge United Kingdom SK15 3AJ
Auditor	Howard Worth Drake House Gadbrook Park Northwich Cheshire CW9 7RA
Business address	Tameside Paper Mill Knowl Street Stalybridge Cheshire UK SK15 3AJ
Bankers	Santander
Solicitors	Wacks Caller

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 27

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

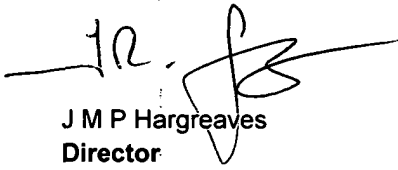
The directors present the strategic report for the year ended 31 March 2019.

Fair review of the business

Strong demand has continued throughout the year, whilst e-commerce continues to grow.

Completing the commissioning of both investment projects has resulted in reduced downtime and waste benefiting net margin and performance that will now allow us to penetrate the market in the coming months. We look forward to the future.

On behalf of the board

A handwritten signature in black ink, appearing to be 'J M P Hargreaves', written over a horizontal line.

J M P Hargreaves
Director
8 November 2019

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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

Principal activities

The principal activity of the company continued to be that of the manufacture of Double Faced Corrugated Board, Corrugated Single Face Rolls and Dual Grade paper.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J M P Hargreaves

A N Hargreaves

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Howard Worth be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

Statement of disclosure to auditor

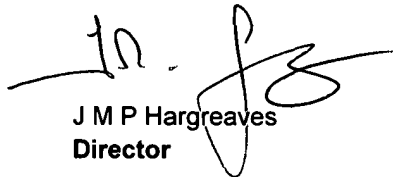
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

On behalf of the board



J M P Hargreaves
Director

8 November 2019

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

Opinion

We have audited the financial statements of John Hargreaves,(Collyhurst and Stalybridge)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, the statement of cash flows and notes to the financial statements, 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 FRS 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 *Auditor's 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 UK, including the FRC'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.

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 2006

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

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

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 and the directors' report.

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.

Responsibilities of directors

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 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.

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 (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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Fran Johnson BSc FCA (Senior Statutory Auditor)
for and on behalf of Howard Worth

8 November 2019

Chartered Accountants
Statutory Auditor

Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
Turnover	3	22,951,504	20,722,776
Cost of sales		(19,733,564)	(17,859,727)
Gross profit		3,217,940	2,863,049
Distribution costs		(1,377,836)	(1,421,339)
Administrative expenses		(1,332,642)	(1,321,965)
Operating profit	4	507,462	119,745
Interest receivable and similar income	7	22	4
Interest payable and similar expenses	8	(289,191)	(240,485)
Profit/(loss) before taxation		218,293	(120,736)
Tax on profit/(loss)	9	96,106	-
Profit/(loss) for the financial year		314,399	(120,736)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	£	£
Profit/(loss) for the year	314,399	(120,736)
Other comprehensive income		
Actuarial (loss)/gain on defined benefit pension schemes	(23,000)	67,000
Total comprehensive income for the year	<u>291,399</u>	<u>(53,736)</u>


JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	10	6,303,229		6,460,717	
Current assets					
Stocks	12	1,881,309		1,490,208	
Debtors	13	5,100,860		4,902,737	
Cash at bank and in hand		16,168		60,018	
		6,998,337		6,452,963	
Creditors: amounts falling due within one year	14	(8,620,933)		(8,192,481)	
Net current liabilities		(1,622,596)		(1,739,518)	
Total assets less current liabilities		4,680,633		4,721,199	
Creditors: amounts falling due after more than one year	15	(1,820,600)		(2,188,565)	
Provisions for liabilities	18	(101,211)		(101,211)	
Net assets excluding pension liability		2,758,822		2,431,423	
Defined benefit pension liability	20	(1,514,987)		(1,478,987)	
Net assets		1,243,835		952,436	
Capital and reserves					
Called up share capital	21	8,735		8,735	
Revaluation reserve	22	1,226,278		1,239,607	
Capital redemption reserve	23	6,265		6,265	
Profit and loss reserves	24	2,557		(302,171)	
Total equity		1,243,835		952,436	

The financial statements were approved by the board of directors and authorised for issue on 8 November 2019 and are signed on its behalf by:


J M P Hargreaves
Director

Company Registration No. 00197422

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 April 2017	8,735	1,252,936	6,265	(261,764)	1,006,172
Year ended 31 March 2018:					
Loss for the year	-	-	-	(120,736)	(120,736)
Other comprehensive income:					
Actuarial gains on defined benefit plans	-	-	-	67,000	67,000
Total comprehensive income for the year	-	-	-	(53,736)	(53,736)
Transfers	-	(13,329)	-	13,329	-
Balance at 31 March 2018	8,735	1,239,607	6,265	(302,171)	952,436
Year ended 31 March 2019:					
Profit for the year	-	-	-	314,399	314,399
Other comprehensive income:					
Actuarial gains/(losses) on defined benefit plans	-	-	-	(23,000)	(23,000)
Total comprehensive income for the year	-	-	-	291,399	291,399
Transfers	-	(13,329)	-	13,329	-
Balance at 31 March 2019	8,735	1,226,278	6,265	2,557	1,243,835

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	29	788,881		762,202	
Interest paid		(289,191)		(240,485)	
Net cash inflow from operating activities		499,690		521,717	
Investing activities					
Purchase of tangible fixed assets		(80,837)		(13,552)	
Interest received	22			4	
Net cash used in investing activities		(80,815)		(13,548)	
Financing activities					
Proceeds of new bank loans		-		1,808,880	
Repayment of bank loans		(296,256)		(1,119,810)	
Payment of finance leases obligations		(71,709)		(672,824)	
Net cash (used in)/generated from financing activities		(367,965)		16,246	
Net increase in cash and cash equivalents		50,910		524,415	
Cash and cash equivalents at beginning of year		(2,622,319)		(3,146,734)	
Cash and cash equivalents at end of year		(2,571,409)		(2,622,319)	
Relating to:					
Cash at bank and in hand		16,168		60,018	
Bank overdrafts included in creditors payable within one year		(2,587,577)		(2,682,337)	

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

John Hargreaves,(Collyhurst and Stalybridge)Limited is a private company limited by shares incorporated in England and Wales. The registered office is Tameside Paper Mill, Knowl Street, Stalybridge, United Kingdom, SK15 3AJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% on cost
Plant and equipment	at varying rates on cost
Fixtures and fittings	at varying rates on cost
Computers	at varying rates on cost
Motor vehicles	at varying rates on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets 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 of the impairment loss (if any).

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The cost of benefit changes and settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The company defined benefit pension scheme was frozen during the year ended 31 March 2009.

1.13 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2019****2 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 amount of assets and liabilities that are not readily apparent 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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2019 £	2018 £
Other significant revenue		
Interest income	22	4
	<u> </u>	<u> </u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	22,644,305	20,444,600
Europe	307,199	278,176
	<u> </u>	<u> </u>
	22,951,504	20,722,776
	<u> </u>	<u> </u>

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Exchange losses	3,164	8,308
Fees payable to the company's auditor for the audit of the company's financial statements	8,360	8,400
Depreciation of owned tangible fixed assets	238,325	85,359
Depreciation of tangible fixed assets held under finance leases	-	184,679
Cost of stocks recognised as an expense	16,413,757	13,968,160
Operating lease charges	353,102	354,580
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year amounted to £3,164 (2018 - £8,308).

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2019****5 Employees**

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

	2019 Number	2018 Number
Production	50	36
Distribution	6	6
Administration	8	8
	<u>64</u>	<u>50</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,203,134	2,257,309
Social security costs	177,382	177,563
Pension costs	193,221	209,079
	<u>2,573,737</u>	<u>2,643,951</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	164,064	154,606
Company pension contributions to defined contribution schemes	23,494	25,567
	<u>187,558</u>	<u>180,173</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

Only the directors are considered to be key management personnel.

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	22	4
	<u>22</u>	<u>4</u>

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

(Continued)

7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	22	4
--	----	---

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	212,698	141,795
Interest on finance leases and hire purchase contracts	76,493	98,690
	<u>289,191</u>	<u>240,485</u>

9 Taxation

	2019 £	2018 £
Current tax		
Adjustments in respect of prior periods	(96,106)	-

The actual (credit)/charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit/(loss) before taxation	<u>218,293</u>	<u>(120,736)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	41,476	(22,940)
Tax effect of expenses that are not deductible in determining taxable profit	22,729	20,386
Tax effect of income not taxable in determining taxable profit	-	(11,780)
Unutilised tax losses carried forward	-	34,783
Permanent capital allowances in excess of depreciation	29,923	(20,449)
Research and development tax credit	(96,106)	-
Utilisation of tax losses	<u>(94,128)</u>	<u>-</u>
Taxation credit for the year	<u>(96,106)</u>	<u>-</u>

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost or valuation						
At 1 April 2018	1,953,635	7,346,493	272,372	83,508	34,570	9,690,578
Additions	-	62,994	8,342	9,501	-	80,837
At 31 March 2019	1,953,635	7,409,487	280,714	93,009	34,570	9,771,415
Depreciation and impairment						
At 1 April 2018	12,688	2,919,172	251,685	20,357	25,959	3,229,861
Depreciation charged in the year	6,036	216,317	840	13,278	1,854	238,325
At 31 March 2019	18,724	3,135,489	252,525	33,635	27,813	3,468,186
Carrying amount						
At 31 March 2019	1,934,911	4,273,998	28,189	59,374	6,757	6,303,229
At 31 March 2018	1,940,947	4,427,321	20,687	63,151	8,611	6,460,717

The carrying value of land and buildings comprises:

	2019 £	2018 £
Freehold	1,934,911	1,940,947

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Plant and equipment	971,909	971,909

Land and buildings with a carrying amount of £1,934,911 were revalued at 18 November 2016 by N Ogden MRICS of Knight Frank LLP, independent valuers not connected with the company on the basis of market value. Subsequent additions are included within the carrying amount at cost less accumulated depreciation.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2019****10 Tangible fixed assets****(Continued)**

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	826,718	826,718
Accumulated depreciation	(203,802)	(187,268)
Carrying value	<u>622,916</u>	<u>639,450</u>

The revaluation surplus is described in note 22.

Freehold land and buildings with a carrying amount of £1,934,911 (2018 - £1,940,947) have been pledged to secure borrowings of the company.

11 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>4,624,245</u>	<u>4,516,742</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>9,983,912</u>	<u>9,872,383</u>

12 Stocks

	2019 £	2018 £
Raw materials and consumables	1,555,775	1,162,573
Finished goods and goods for resale	325,534	327,635
	<u>1,881,309</u>	<u>1,490,208</u>

13 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	4,608,225	4,500,722
Corporation tax recoverable	100,111	4,005
Other debtors	16,020	16,020
Prepayments and accrued income	376,504	381,990
	<u>5,100,860</u>	<u>4,902,737</u>

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	16	2,883,833	2,978,593
Obligations under finance leases	17	61,749	61,749
Trade creditors		5,059,526	4,509,960
Taxation and social security		457,621	508,663
Other creditors		12,937	21,929
Accruals and deferred income		145,267	111,587
		<u>8,620,933</u>	<u>8,192,481</u>

15 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	16	1,092,928	1,389,184
Obligations under finance leases	17	727,672	799,381
		<u>1,820,600</u>	<u>2,188,565</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	234,780	300,300
	<u>234,780</u>	<u>300,300</u>

16 Loans and overdrafts

	2019 £	2018 £
Bank loans	1,389,184	1,685,440
Bank overdrafts	2,587,577	2,682,337
	<u>3,976,761</u>	<u>4,367,777</u>
Payable within one year	2,883,833	2,978,593
Payable after one year	1,092,928	1,389,184
	<u>1,092,928</u>	<u>1,389,184</u>

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

16 Loans and overdrafts

(Continued)

The long-term loans are secured by fixed charges over the following: -

Security	Debt type	31/3/19 £	31/3/18 £
Tangible fixed assets disclosed as being subject to finance lease contracts	Finance lease	789,421	861,130
Legal charge dated 6 November 2017 over the company's freehold land and buildings at Tameside Paper Mill, Knowl Street, Stalybridge	Loan	562,380	627,900
Chattel mortgage and debenture over plant and machinery	Loan	826,804	1,057,540
Legal charge created on 20 April 2018 over the company's freehold land and buildings at Tameside Paper Mill, Knowl Street, Stalybridge	Overdraft	2,587,577	2,682,337

At the balance sheet date there are two loans, the details of which are as follows: -

- Loan repayable in monthly instalments with an interest rate of Lloyds Bank plc base rate plus 5%.
- Loan repayable in monthly instalments with an interest rate of Lloyds Bank plc base rate plus 4%.

17 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	61,749	61,749
In two to five years	727,672	799,381
	<u>789,421</u>	<u>861,130</u>

18 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	19	<u>101,211</u>	<u>101,211</u>

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	101,211	101,211

There were no deferred tax movements in the year.

20 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	180,221	168,079

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined benefit schemes

The company is the sponsoring employer of a defined benefits pension scheme for the benefit of members of its staff, which was frozen during the year ended 31st March 2009. At the balance sheet date, the balance sheet deficit was £1,515,000 (2018 - £1,478,987). The most recent comprehensive actuarial valuation was undertaken as at 31st August 2017. The liabilities for accounting disclosure have been calculated by adjusting the liabilities from that funding assessment and then rolling forward the liabilities from that assessment date to the measurement date. The company has agreed a schedule of contributions whereby it contributes £42,000 to the scheme per annum until 31 August 2054.

Without the adjustments in respect of this scheme under FRS 102 Section 28, the profit/(loss) after tax and total comprehensive income for the year would be £231,293 (2018 - £(79,736)).

	2019 %	2018 %
<i>Key assumptions</i>		
Discount rate	2.7	2.7
Expected rate of increase of pensions in payment	2.5 and 3.4	2.5 and 3.3
RPI Inflation	3.4	3.3
CPI Inflation	2.4	2.3
Revaluation of deferred benefits	2.4	2.3

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20 Retirement benefit schemes

(Continued)

<i>Mortality assumptions</i>	2019	2018
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	87.5	87.6
- Females	88.2	88.3
Retiring in 20 years		
- Males	89.1	89.3
- Females	89.4	89.5

<i>Amounts recognised in the profit and loss account</i>	2019	2018
	£	£
Current service cost	20,000	19,000
Net interest on defined benefit liability/(asset)	33,000	60,000
Other costs and income	2,000	2,000
Total costs	55,000	81,000

<i>Amounts taken to other comprehensive income</i>	2019	2018
	£	£
Actual return on scheme assets	(90,000)	(62,000)
Less: calculated interest element	90,000	62,000
Return on scheme assets excluding interest income	-	-
Actuarial changes related to obligations	23,000	(67,000)
Total costs/(income)	23,000	(67,000)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2019	2018
	£	£
Present value of defined benefit obligations	4,644,000	4,598,000
Fair value of plan assets	(3,129,013)	(3,119,013)
Deficit in scheme	1,514,987	1,478,987

<i>Movements in the present value of defined benefit obligations</i>	2019
	£
Liabilities at 1 April 2018	4,598,000
Current service cost	20,000
Benefits paid	(120,000)

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20 Retirement benefit schemes

(Continued)

Actuarial gains and losses	23,000
Interest cost	123,000
At 31 March 2019	4,644,000

The defined benefit obligations arise from plans which are wholly or partly funded.

	2019 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 April 2018	3,119,013
Interest income	90,000
Benefits paid	(120,000)
Contributions by the employer	42,000
Other	(2,000)
At 31 March 2019	3,129,013

The actual return on plan assets was £90,000 (2018 - £62,000).

	2019 £	2018 £
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	1,045,000	471,000
Debt instruments	25,000	25,000
Property	140,000	123,000
Cash	387,013	908,013
Secured annuities	1,532,000	1,592,000
	3,129,013	3,119,013

21 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
8,735 Ordinary of £1 each	8,735	8,735

There is one class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital and the shares carry full voting rights.

22 Revaluation reserve

The revaluation reserve represents the unrealised surplus on revaluation of the freehold property and is not distributable.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2019****23 Capital redemption reserve**

The capital redemption reserve represents the par value of issued share capital bought back by the company and is not distributable.

24 Profit and loss reserves

Retained earnings include all current and prior period retained profits and losses and actuarial gains and losses.

25 Operating lease commitments**Lessee**

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

	2019 £	2018 £
Within one year	304,902	270,743
Between two and five years	559,356	549,840
In over five years	173,012	95,715
	<u>1,037,270</u>	<u>916,298</u>

26 Related party transactions

The following amounts were outstanding at the reporting end date:

	2019 £	2018 £
Amounts due from related parties		
Key management personnel	<u>16,020</u>	<u>16,020</u>

27 Directors' transactions

Dividends totalling £0 (2018 - £0) were paid in the year in respect of shares held by the company's directors.

Description	% Rate	Opening balance £	Closing balance £
Repayable on demand	-	12,507	12,507
Repayable on demand	-	3,513	3,513
		<u>16,020</u>	<u>16,020</u>

28 Ultimate controlling party

The controlling party is J M P Hargreaves.

JOHN HARGREAVES,(COLLYHURST AND STALYBRIDGE)LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2019****29 Cash generated from operations**

	2019	2018
	£	£
Profit/(loss) for the year after tax	314,399	(120,736)
Adjustments for:		
Taxation credited	(96,106)	-
Finance costs	289,191	240,485
Investment income	(22)	(4)
Depreciation and impairment of tangible fixed assets	238,325	270,038
Pension scheme non-cash movement	(218,237)	218,889
Movements in working capital:		
(Increase) in stocks	(391,101)	(150,728)
Decrease/(increase) in debtors	274,487	(404,938)
Increase in creditors	377,945	709,196
Cash generated from operations	788,881	762,202