

G.C. BIRCHALL (HOLDINGS) LIMITED

**ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2019

G.C. BIRCHALL (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Mr. Colin G.Birchall Mrs.Christine Birchall
Secretary	Mr. Colin G. Birchall
Company number	345838 (England and Wales)
Registered office	11 Nicholas Street Burnley Lancashire BB11 2AL
Auditor	Ashworth Moulds 11 Nicholas Street Burnley Lancashire BB11 2AL
Bankers	Yorkshire Bank plc 40 Church Street Blackburn Lancashire BB1 5AW

G.C. BIRCHALL (HOLDINGS) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of income and retained earnings	7
Group balance sheet	8 - 9
Company balance sheet	10
Group statement of cash flows	11
Notes to the financial statements	12 - 29

G.C. BIRCHALL (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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

Principal activity

The principal activity of the group continued to be that of food wholesalers.

Business Review

The group has achieved turnover growth of 10% in the year which is mainly due to the winning of new business. The Directors are pleased that gross margin has increased on the previous year and consider the position of the group at the year end to be positive.

Principal risks and uncertainties

The group operates in the fast moving consumer goods industry that remains intensely competitive.

The principal risks and uncertainties facing the group are considered to be:-

- Macro-economic factors such as UK recession and inflation rates.
- Non-compliance with applicable legislation and governance
- Credit risk and bad debts
- Availability of capital to fund growth
- Recruitment and retention of the best people in the UK labour market

All of the above risks and uncertainties are kept under constant review by the directors on a day to day basis.

Financial Key Performance Indicators

The company's directors believe that their key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover and operating profit.

Turnover represents invoiced wholesale goods. The turnover for the year increased by 10.0% to £28,355,422 in comparison to last year.

Operating profit for the year increased to £777,490 (2.7% of turnover) from £327,990 (1.3% of turnover) and profit before tax has increased to £656,030 (2018 : £221,854).

We are pleased to report that sales and gross profit margin show continued growth following the 2019 year end.

At 31 March, 2019 the group's net current assets amounted to £398,864 and the group's net assets increased by £480,786 to £3,028,813.
Future Developments
The group's aim is to continue to build, strong, long lasting relationships with our customers and to increase revenue streams. We continue to invest in our people and also look to develop IT systems to strengthen our profitability moving forward.

On behalf of the board

Mr. Colin G.Birchall

Director

13 December 2019

G.C. BIRCHALL (HOLDINGS) 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.

Directors

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

Mr. Colin G.Birchall
Mrs.Christine Birchall

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £90,000. The directors do not recommend payment of a further dividend.

Auditor

The auditor, Ashworth Moulds, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 auditor of the company 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 auditor of the company is aware of that information.

G.C. BIRCHALL (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Strategic report

The information required by schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C(11) of the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013.

On behalf of the board

Mr. Colin G.Birchall

Director

13 December 2019

G.C. BIRCHALL (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF G.C. BIRCHALL (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of G.C. Birchall (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the group statement of income and retained earnings, the group balance sheet, the company balance sheet, the group statement of cash flows, the company 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 group's and the parent company's affairs as at 31 March 2019 and of the group's 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 group's or the parent 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.

G.C. BIRCHALL (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF G.C. BIRCHALL (HOLDINGS) LIMITED

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent 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.

G.C. BIRCHALL (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF G.C. BIRCHALL (HOLDINGS) LIMITED

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.

David Pickles FCA (Senior Statutory Auditor)
for and on behalf of Ashworth Moulds

13 December 2019

Chartered Accountants
Statutory Auditor

11 Nicholas Street
Burnley
Lancashire
BB11 2AL

G.C. BIRCHALL (HOLDINGS) LIMITED

GROUP STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	28,355,422	25,775,360
Cost of sales		(19,895,501)	(18,452,072)
Gross profit		8,459,921	7,323,288
Distribution costs		(5,480,177)	(4,698,977)
Administrative expenses		(2,462,466)	(2,404,347)
Other operating income		260,212	108,026
Operating profit	4	777,490	327,990
Interest receivable and similar income	8	2,832	3,637
Interest payable and similar expenses	9	(124,292)	(109,773)
Profit before taxation		656,030	221,854
Tax on profit	10	(85,244)	(47,800)
Profit for the financial year		570,786	174,054
Retained earnings brought forward		2,547,707	2,423,653
Dividends		(90,000)	(50,000)
Retained earnings carried forward		3,028,493	2,547,707

Profit for the financial year is all attributable to the owners of the parent company.

The notes on pages 12 - 29 form an integral part of these financial statements.

Total comprehensive income for the year is all attributable to the owners of the parent company.

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

G.C. BIRCHALL (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Goodwill	12		-		9,056
Other intangible assets	12		107,208		-
Total intangible assets			107,208		9,056
Tangible assets	13		4,122,690		4,566,239
Investments	14		33		33
			4,229,931		4,575,328
Current assets					
Stocks	16	1,860,327		1,627,551	
Debtors falling due after more than one year	17	37,952		55,728	
Debtors falling due within one year	17	4,585,765		4,105,487	
Cash at bank and in hand		66,892		62,167	
			6,550,936		5,850,933
Creditors: amounts falling due within one year	19	(6,152,072)		(5,796,826)	
Net current assets			398,864		54,107
Total assets less current liabilities			4,628,795		4,629,435
Creditors: amounts falling due after more than one year	20		(1,388,559)		(1,873,779)
Provisions for liabilities	23		(211,423)		(207,629)
Net assets			3,028,813		2,548,027
Capital and reserves					
Called up share capital	25		320		320
Profit and loss reserves			3,028,493		2,547,707
Total equity			3,028,813		2,548,027

The notes on pages 12 - 29 form an integral part of these financial statements.

G.C. BIRCHALL (HOLDINGS) LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2019

The financial statements were approved by the board of directors and authorised for issue on 13 December 2019 and are signed on its behalf by:

Mr. Colin G.Birchall
Director

G.C. BIRCHALL (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Investments	14		4,702		4,702
Current assets					
Debtors	17	1,507		1,507	
Cash at bank and in hand		51		51	
		<u>1,558</u>		<u>1,558</u>	
Net current assets			1,558		1,558
Total assets less current liabilities			<u>6,260</u>		<u>6,260</u>
Capital and reserves					
Called up share capital	25		320		320
Profit and loss reserves			5,940		5,940
Total equity			<u>6,260</u>		<u>6,260</u>

The notes on pages 12 - 29 form an integral part of these financial statements.

Profit for financial year - Company

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £90,000 (2018 - £50,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 13 December 2019 and are signed on its behalf by:

Mr. Colin G.Birchall
Director

Company Registration No. 345838

G.C. BIRCHALL (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	30	674,484	948,464
Interest paid		(124,292)	(109,773)
Corporation taxes paid		(75,243)	(112,711)
Net cash inflow from operating activities		474,949	725,980
Investing activities			
Purchase of intangible assets		(107,208)	-
Purchase of tangible fixed assets		(159,618)	(1,333,177)
Proceeds on disposal of tangible fixed assets		24,500	7,300
Interest received		2,832	3,637
Net cash used in investing activities		(239,494)	(1,322,240)
Financing activities			
Capital element of loan repayment to directors		(83,116)	301,663
Increase in bank loans less repayments		(116,427)	151,084
Capital element of hire purchase contracts and finance leases		(428,518)	48,769
Dividends paid to equity shareholders		(90,000)	(50,000)
Net cash (used in)/generated from financing activities		(718,061)	451,516
Net decrease in cash and cash equivalents		(482,606)	(144,744)
Cash and cash equivalents at beginning of year		(1,444,177)	(1,299,433)
Cash and cash equivalents at end of year		(1,926,783)	(1,444,177)
Relating to:			
Cash at bank and in hand		66,892	62,167
Bank overdrafts included in creditors payable within one year		(1,993,675)	(1,506,344)

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

G.C. Birchall (Holdings) Limited ("the company") is a company limited by shares and incorporated in England and Wales. The registered office is 11 Nicholas Street, Burnley, Lancashire, BB11 2AL.

The group consists of G.C. Birchall (Holdings) Limited and all of its subsidiaries.

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 have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;

1.2 Basis of consolidation

The consolidated financial statements incorporate those of G.C. Birchall (Holdings) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 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.

1.4 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.

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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.

1.5 Intangible fixed assets - goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 7 years.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	20% straight line basis from date available for use
----------	---

1.7 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:

Buildings long leasehold	2% straight line basis (see below)
Plant & machinery	5 - 10% straight line basis
Fixtures & fittings	10 - 20% straight line basis
Computer equipment	20 - 50% straight line basis
Motor vehicles	10 - 25% straight line basis

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 recognised in the profit and loss account.

Company policy is to maintain the leasehold buildings to a high standard by a continued programme of refurbishment and maintenance. The original cost compared with the residual value of leasehold buildings is such that the depreciable amount is considered to be nil.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost comprises the purchase price of stock items.

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 sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Financial instruments

The group 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.

A financial instrument is a contract giving rise to a financial asset (such as trade and other debtors, cash and bank balances) or a financial liability (such as trade and other creditors, bank and other loans, hire purchase and lease creditors) or an equity instrument (such as ordinary or preference shares).

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

Investments in equity instruments which are not subsidiaries, associates or joint ventures, that are not publicly traded and whose fair values cannot be measured reliably are accounted for at cost less impairment.

All the group's other financial instruments are basic financial instruments and are recognised at amortised cost using the effective interest method.

Amortised cost: the original transaction value, less amounts settled, less any adjustment for impairment.

Effective interest method: where a financial instrument falls due more than 12 months after the balance sheet date and is subject to a rate of interest which is below a market rate, the original transaction value is discounted using a market rate of interest to give the net present value of future cash flows.

Derecognition of financial assets

Financial assets cease to be recognised only when the contractual rights to the cash flows expire, or when substantially all the risks and rewards of ownership are transferred to another entity.

Financial liabilities cease to be recognised when and only when the group's obligations are discharged, cancelled, or they expire.

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.12 Taxation

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

Current tax

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 group'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 taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

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 reserves, in which case the deferred tax is also dealt with in reserves.

1.13 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.

1.14 Retirement benefits

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

1.15 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 the profit and loss account 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 income 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 lease asset are consumed.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of leases.

G.C. BIRCHALL (HOLDINGS) 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 group'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.

Critical judgements

The following judgements (apart from those involving estimates) and that have had the most significant effect on amounts recognised in the financial statements are as follows:

Determine whether leases entered into by the company either by a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and whether it is a larger cash-generating unit, the viability and expected future performance of that unit.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Turnover

An analysis of the group's turnover is as follows:

	2019	2018
	£	£
Turnover		
Principal activity	28,355,422	25,775,360
	<u> </u>	<u> </u>

The total turnover of the group for the year has been derived from its principal activity, wholly undertaken in the United Kingdom.

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	309,650	260,250
Depreciation of tangible fixed assets held under finance leases	362,916	281,024
(Profit) / loss on disposal of tangible fixed assets	(2,754)	3,974
Amortisation of intangible assets	9,056	18,115
Operating lease charges	461,551	392,694
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	2,025	1,950
Audit of the company's subsidiaries	14,150	13,450
	<u> </u>	<u> </u>
	16,175	15,400
	<u> </u>	<u> </u>
For other services		
All other non-audit services	34,930	30,225
	<u> </u>	<u> </u>

6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Transport	42	40	-	-
Warehouse	37	34	-	-
Sales	30	30	-	-
Administration	26	25	-	-
Directors	7	7	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	142	136	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	4,005,447	3,652,164	-	-
Social security costs	361,491	323,657	-	-
Pension costs	89,311	63,793	-	-
	<u>4,456,249</u>	<u>4,039,614</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>127,931</u>	<u>128,372</u>

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

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest due on finance lease receivable	<u>2,832</u>	<u>3,637</u>

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	31,499	30,914
Interest on finance leases and hire purchase contracts	<u>76,048</u>	<u>62,241</u>
	107,547	93,155
Other finance costs:		
Other interest	<u>16,745</u>	<u>16,618</u>
Total finance costs	<u>124,292</u>	<u>109,773</u>

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	81,450	43,617
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	3,794	4,183
	<u> </u>	<u> </u>
Total tax charge	85,244	47,800
	<u> </u>	<u> </u>

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

	2019 £	2018 £
Profit before taxation	656,030	221,854
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	124,646	42,152
Tax effect of expenses that are not deductible in determining taxable profit	2,616	5,478
Depreciation on assets not qualifying for tax allowances	444	170
Research and development tax credit	(42,462)	-
	<u> </u>	<u> </u>
Taxation charge	85,244	47,800
	<u> </u>	<u> </u>

11 Dividends

	2019 £	2018 £
Interim paid	90,000	50,000
	<u> </u>	<u> </u>

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 April 2018	214,533	-	214,533
Additions - separately acquired	-	107,208	107,208
At 31 March 2019	214,533	107,208	321,741
Amortisation and impairment			
At 1 April 2018	205,477	-	205,477
Amortisation charged for the year	9,056	-	9,056
At 31 March 2019	214,533	-	214,533
Carrying amount			
At 31 March 2019	-	107,208	107,208
At 31 March 2018	9,056	-	9,056

The company had no intangible fixed assets at 31 March 2019 or 31 March 2018.

13 Tangible fixed assets

Group	Buildings long leasehold £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2018	1,484,004	633,596	1,859,992	2,690,851	6,668,443
Additions	14,674	-	118,640	117,450	250,764
Disposals	-	-	(145,869)	(55,700)	(201,569)
At 31 March 2019	1,498,678	633,596	1,832,763	2,752,601	6,717,638
Depreciation and impairment					
At 1 April 2018	3,654	69,647	864,961	1,163,943	2,102,205
Depreciation charged in the year	-	32,126	264,843	375,597	672,566
Eliminated in respect of disposals	-	-	(143,880)	(35,943)	(179,823)
At 31 March 2019	3,654	101,773	985,924	1,503,597	2,594,948
Carrying amount					
At 31 March 2019	1,495,024	531,823	846,839	1,249,004	4,122,690
At 31 March 2018	1,480,350	563,949	995,032	1,526,908	4,566,239

The company had no tangible fixed assets at 31 March 2019 or 31 March 2018.

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13 Tangible fixed assets

(Continued)

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Fixtures & fittings	123,483	160,660	-	-
Motor vehicles	1,106,666	1,356,952	-	-
	<u>1,230,149</u>	<u>1,517,612</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	<u>362,916</u>	<u>281,024</u>	<u>-</u>	<u>-</u>

14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
At cost					
Investments in subsidiaries	15	-	-	4,702	4,702
Unlisted investments		33	33	-	-
		<u>33</u>	<u>33</u>	<u>4,702</u>	<u>4,702</u>

Movements in fixed asset investments

Group	Unlisted investments £
Cost	
At 1 April 2018 & 31 March 2019	<u>33</u>
Carrying amount	
At 31 March 2019	<u>33</u>
At 31 March 2018	<u>33</u>

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Investment in
subsidiary
£

Cost

At 1 April 2018 & 31 March 2019

4,702

Carrying amount

At 31 March 2019

4,702

At 31 March 2018

4,702

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
G.C. Birchall Limited	England and Wales	Food Wholesaler	Ordinary	100.00	

The investments in subsidiaries are all stated at cost less impairment.

16 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Finished goods and goods for resale	1,860,327	1,627,551	-	-

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	3,078,612	2,969,273	-	-
Corporation tax recoverable	71,312	47,811	-	-
Amounts owed by group undertakings	-	-	1,147	1,147
Finance leases receivable	17,776	18,627	-	-
Other debtors	368,635	215,816	360	360
Prepayments and accrued income	1,049,430	853,960	-	-
	<u>4,585,765</u>	<u>4,105,487</u>	<u>1,507</u>	<u>1,507</u>
Amounts falling due after more than one year:				
Finance leases receivable	<u>37,952</u>	<u>55,728</u>	<u>-</u>	<u>-</u>
Total debtors	<u>4,623,717</u>	<u>4,161,215</u>	<u>1,507</u>	<u>1,507</u>

18 Finance lease receivables

	Group 2019 £	2018 £	Company 2019 £	2018 £
Gross amounts receivable under finance leases:				
Within one year	19,808	21,459	-	-
In two to five years	39,616	59,424	-	-
	<u>59,424</u>	<u>80,883</u>	<u>-</u>	<u>-</u>
Unearned finance income	<u>(3,696)</u>	<u>(6,528)</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments receivable	<u>55,728</u>	<u>74,355</u>	<u>-</u>	<u>-</u>
The present value is receivable as follows:				
Within one year	17,776	18,627	-	-
In two to five years	37,952	55,728	-	-
	<u>55,728</u>	<u>74,355</u>	<u>-</u>	<u>-</u>

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

18 Finance lease receivables

(Continued)

Analysis of finance leases

Finance lease receivables are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current assets	55,728	74,355	-	-

The group entered into a financial leasing arrangement for certain plant and equipment. The lease term is 5 years.

19 Creditors: amounts falling due within one year

		Group		Company	
	Notes	2019	2018	2019	2018
		£	£	£	£
Bank loans and overdrafts	21	2,114,697	1,622,771	-	-
Obligations under finance leases	22	370,446	411,964	-	-
Directors loans	21	68,344	83,116	-	-
Trade creditors		2,820,949	3,087,475	-	-
Corporation tax payable		97,653	67,945	-	-
Other taxation and social security		103,117	86,864	-	-
Other creditors		28,649	47,745	-	-
Accruals and deferred income		548,217	388,946	-	-
		6,152,072	5,796,826	-	-

Group

Included in the bank loans and overdrafts figure is £1,993,675 (2018: £1,506,344) which relates to an invoice discounting facility. This is secured on trade debtors.

Details of security and bank and other loan terms are provided in notes 21 and 22.

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	21	667,967	788,989	-	-
Obligations under finance leases	22	492,914	788,768	-	-
Directors loans	21	227,678	296,022	-	-
		<u>1,388,559</u>	<u>1,873,779</u>	<u>-</u>	<u>-</u>

Group

Details of security and loan terms are provided in notes 21 and 22.

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

Payable by instalments	274,127	369,254	-	-
	<u>274,127</u>	<u>369,254</u>	<u>-</u>	<u>-</u>

21 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	788,989	905,416	-	-
Bank overdrafts	1,993,675	1,506,344	-	-
Directors loans	296,022	379,138	-	-
	<u>3,078,686</u>	<u>2,790,898</u>	<u>-</u>	<u>-</u>
Payable within one year	2,183,041	1,705,887	-	-
Payable after one year	895,645	1,085,011	-	-
	<u>895,645</u>	<u>1,085,011</u>	<u>-</u>	<u>-</u>

Group

Included in the bank overdrafts figure is £1,993,675 (2018: £1,506,344) which relates to an invoice discounting facility.

The bank loans and overdraft are secured by a debenture incorporating a fixed and floating charge over the company's assets and a legal first charge over The Cobalt Building, Magnesium Way, Burnley.

Directors loans relate to loans from the directors Mr & Mrs C. Birchall of £296,022 (2018: £379,138) which are unsecured and repayable over seven years. Interest is payable at 4% over bank base rate.

The first bank loan of £600,000 is repayable in equal monthly instalments over 15 years. Interest is charged on the loan at 3% over LIBOR. The second bank loan of £335,000 is repayable in equal monthly instalments over 7 years. Interest is charged on the loan at 4% over LIBOR. The third bank loan of £250,000 is repayable in equal monthly instalments over 7 years. Interest is charged on the loan at 4% over LIBOR.

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

22 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	442,655	485,824	-	-
In two to five years	593,533	951,842	-	-
	<u>1,036,188</u>	<u>1,437,666</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(172,828)	(236,934)	-	-
	<u>863,360</u>	<u>1,200,732</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance lease and hire purchase obligations are secured against the assets concerned.

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	214,176	211,738
Other timing differences	(2,753)	(4,109)
	<u>211,423</u>	<u>207,629</u>

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2019 £	Company 2019 £
Liability at 1 April 2018	207,629	-
Charge to profit or loss	3,794	-
	<u>211,423</u>	<u>-</u>

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

24 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	89,311	63,793

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
	2019	2018
Ordinary share capital	£	£
Issued and fully paid		
160 Ordinary 'A' shares of £1 each	160	160
160 Ordinary 'B' shares of £1 each	160	160
	320	320

26 Operating lease commitments

Lessee

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	392,069	390,743	-	-
Between two and five years	809,691	828,774	-	-
In over five years	77,500	232,500	-	-
	1,279,260	1,452,017	-	-

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019	2018
	£	£
Aggregate compensation	472,906	483,415

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

27 Related party transactions

(Continued)

Group

At 31st March 2019 the company's subsidiary owed its directors Colin and Christine Birchall £296,022 (2018: £379,138) as disclosed in notes 19 and 20. During the year interest was paid on this loan on a commercial basis of £16,745 (2018: £16,618).

Advances have been granted by the company's subsidiary to a close family member of the company's directors as follows:-

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Loan	-	173,899	147,079	-	(33,198)	287,780
		<u>173,899</u>	<u>147,079</u>	<u>-</u>	<u>(33,198)</u>	<u>287,780</u>

The company's subsidiary rents premises which are owned by Birchall Family Suntrust Scheme - Pension Fund, of which four of the directors are members. A commercial rent of £155,000 was paid (2018: £155,000).

Company

Dividends totalling £49,500 (2018: £27,500) were paid in the year in respect of shares held by close family members of the company's directors.

28 Directors' transactions

Dividends totalling £40,500 (2018 - £22,500) were paid in the year in respect of shares held by the company's directors.

29 Controlling party

The directors consider there to be no ultimate controlling party.

G.C. BIRCHALL (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

30 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	570,786	174,054
Adjustments for:		
Taxation charged	85,244	47,800
Finance costs	124,292	109,773
Investment income	(2,832)	(3,637)
(Gain)/loss on disposal of tangible fixed assets	(2,754)	3,974
Amortisation and impairment of intangible assets	9,056	18,115
Depreciation and impairment of tangible fixed assets	672,566	541,274
Movements in working capital:		
(Increase)/decrease in stocks	(232,776)	153,541
(Increase) in debtors	(439,001)	(527,502)
(Decrease)/increase in creditors	(110,097)	431,072
Cash generated from operations	674,484	948,464

31 Analysis of changes in net debt

	2019 £
Opening net debt	
Cash and cash equivalents	(1,444,177)
Loans	(1,284,554)
Obligations under finance leases	(1,200,732)
	(3,929,463)
Changes in net debt arising from:	
Cash flows of the entity	145,455
New finance leases entered into	(91,146)
Closing net debt as analysed below	(3,875,154)
Closing net debt	
Cash and cash equivalents	(1,926,783)
Loans	(1,085,011)
Obligations under finance leases	(863,360)
	(3,875,154)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.