A. Algeo Limited

Annual report and financial statements
Year ended 31 December 2017

Registered number 00437100

Contents

Company information

Directors	M Cameron J Fisher D V Sheridan J A Sheridan M Sheridan
Company Secretary	D V Sheridan
Registered Office	Sheridan House Bridge Industrial Estate Speke Hall Road Liverpool L24 9HB
Banker	Natwest 22 Castle Street Liverpool L2 0UP
Auditor	KPMG LLP 8 Princes Parade Liverpool L3 1QH
Solicitor	O'Connors The Plaza 100 Old Hall Street Liverpool L3 9QJ

Strategic report

Principal activity

The company's principal activity is the supply of products and materials to the medical, orthopaedic, physiotherapy and podiatry professions and shoe making industries.

Business review and results

The turnover in the year ended 31 December 2017 was £9.3m *(2016: £11.2m).*

The reduction in turnover is due to export sales being significantly higher in 2016 due to an International rehabilitation contract which was fulfilled in that year for £1.4m. This is a recurring contract which happens every other year. The company received confirmation they have been awarded the rehabilitation contract for the sixth time running for delivery in 2018.

The year ending 31 December 2017 has been a challenging year with the uncertainty caused by Brexit and the impact on foreign exchange rates. Though the new sales team were recruited in the first half of 2017 and have a strong pipeline, the impact is to be seen largely in 2018.

The factors above have impacted the 2018 financial results with the first half of the year showing a growth in revenue of 10% when compared to the comparative period in 2017.

In addition, the 2016 operating profit included the return on the International rehabilitation contract. This has resulted in a fall in operating profit to £34k *(2016: £500k).*

The economic climate in 2017 was difficult and the company reported a loss after tax of £73k *(2016: profit after tax £232k).* The company performed a full review of its resources, costs and restructured internally during the end of 2017. This has resulted in the company being more efficient, profitable, and focussed on core activities.

This will be further supported by the new catalogue, which contains all our products and has been segregated by product pillar, which was issued in November 2017. This places the company in a strong position to face the uncertainties over the UK leaving the European Union and the future pressures on the NHS budget.

The directors consider that the company's outlook following the review and restructure along with the strong pipeline presents a significant improvement in trading for 2018. In the first half of 2018, costs were 25% lower than the comparative period in 2017 resulting in improved profitability. This is in line with the forecasts and projections which have been prepared for the next two years which consider the impact of all reasonable trading issues.

Despite reporting a loss during the year, the company had net assets of £912k at the year-end (2016: £1,104k).

Future developments

During 2018, the focus is to maintain UK sales whilst growing our international sales through increasing our network of distributors.

The company has implemented a Performance Appraisal and Development Plan, based on our values and in alignment with the company objectives. This has ensured that we are all working towards achieving the goals in a collaborative manner.

Key performance indicators

The key performance indicators monitored by senior management have been selected to ensure the business is profitable and able to grow in a sustained manner.

Turnover for the year was £9.3m compared to £11.2m in 2016.

Average daily sales was £37.5k *(2016: £39.0k).*

Gross margin for the financial year was 38% *(2016: 42%).* This is in line with director expectations and is a result of fluctuations in foreign exchange rates. This is calculated by dividing the gross profit by the turnover.

The company's current ratio at the end of the year was 1.16:1 *(2016: 1.19:1).* This demonstrates the company's ability to meet creditor demands. It compares the company's current assets to its current liabilities.

The company's debt ratio at the end of the year was 41% *(2016: 36%).* This ratio shows the percentage of the assets funded by debt. The debt ratio is calculated by dividing total debt by total assets.

Strategic report (continued)

Principal risks and uncertainties

All businesses face a range of risks and uncertainties from both its macro and micro environment. The Board considers the likelihood and significance of risk factors when putting in place risk management procedures to ensure risk mitigation. The following are considered to be the key risks facing the company:

Foreign exchange rates

The company sells and buys in foreign currencies. The sterling value of these transactions alter when exchange rates move. The company does not use hedge accounting and does not have any forward contracts in place at year end, however the company minimises the risk by a natural hedge where possible in selling and buying in the same foreign currencies.

Interest rate risk

At the reporting date the Company had the following interest-bearing financial instruments: revolving credit facility, directors' loans, finance leases and secured bank loans. Borrowings mainly bear interest at fixed rates. Cash and cash equivalents and borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the interest rate profile of the Company's interest-bearing financial liabilities refer to note 15. At 31 December 2017, 80% of the Company's borrowings were at a fixed rate of interest *(2016: 96%).*

Liquidity risk

Operations for the Company are funded by shareholders' funds and bank borrowing. Forward looking cash flow projections are prepared and reviewed by the directors on a monthly basis to assess any funding requirements. The Company believes that its current and future projected profits and cash flows are sufficient to meet all payments as they fall due and to comply with all financial covenants on its borrowings.

Economic and political unrest

The company has a small number of customers in parts of the world which are heavily influenced by the movement in oil prices. The situation is closely monitored and mitigated by the majority of customers being based in the UK.

In June 2016, the UK voted to leave the European Union. The company recognises that this may lead to a period of economic uncertainty within the UK and Europe and potentially greater fluctuation in currency exchange rates. This risk is minimised by the majority of customers being based in the UK, and the majority of supplies being from either the UK or outside of the EU. The exchange rates are monitored, and pricing is reviewed accordingly.

Changes in law, regulation and policy decisions by government bodies

There are a wide range of laws, regulations and policy decisions by government which could have an impact on the company. The company has a dedicated quality and compliance manager, human resource manager and regular briefing updates to monitor changes and notifications. The quality and compliance manager's role encompases product quality, testing of processes and procedures to ensure they are effective, health and safety compliance and acting as our data protection officer.

Major failure of IT systems

There is always a risk of interruption and failure. The company has well developed systems and back up plans.

By order of the board

J A Sheridan
Director
Date: 20th September 2018

Directors' report

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

Directors

The directors who served the company during the year and to the date of this report were as follows:

M Cameron

J Fisher

D V Sheridan

J A Sheridan

M A Sheridan

Proposed dividend

Dividends paid in the year were £119,365 *(2016: £208,437)*.

Employees

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees or their representatives occur at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. All employees are aware of the financial and economic performance of Company. Communication with all employees continues through the newsletters, Whole Company Meetings and the distribution of monthly key performance indicators.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Research and development activities

The company researches and develops innovative products on an ongoing basis.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

Pursuant to Section 478 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

J A Sheridan
Director

Date: 20th September 2018

Sheridan House
Bridge Industrial Estate
Speke Hall Road
Liverpool
L24 9HB

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Independent Auditor's report to the members of A.Algeo Limited

Opinion

We have audited the financial statements of A.Algeo Limited ("the company") for the year ended 31 December 2017 which comprise the statement of income & retained earnings, balance sheet and cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Independent Auditor's report to the members of A.Algeo Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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.

Carla Kennaugh

Carla Kennaugh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

Date: 20th September 2018

Statement of income & retained earnings

for the year ended 31 December 2017

	Note	**Year ended 31 December 2017 £'000**	Year ended 31 December 2016 £'000
Turnover	2	**9,321**	11,199
Cost of sales		**(5,762)**	(6,541)
Gross profit		**3,559**	4,658
Distribution costs		**(709)**	(858)
Administrative expenses		**(2,816)**	(3,300)
Operating profit	3	**34**	500
Interest payable and similar expenses	6	**(125)**	(138)
(Loss) / profit activities before taxation		**(91)**	362
Tax on (loss) / profit	7	**18**	(130)
(Loss) / profit for the financial year		**(73)**	232
Dividends for the year	8	**(119)**	(208)
Retained profit at the beginning of the period		1,100	1,076
Retained profit at the end of the period		**908**	1,100

All amounts relate to continuing operations.

There are no recognised gains or losses for the current year and prior period other than those presented in the profit and loss account above. Accordingly, no statement of Other Comprehensive Income has been presented.

The only movements in equity are those arising from the profit or loss in the year and the dividends paid, hence a single Statement of Income and Retained Earnings has been prepared.

The accompanying notes on pages 11 to 22 are an integral part of the financial statements.

Balance sheet
at 31 December 2017

	Note	31 December 2017	31 December 2016
		£'000	£'000
Fixed assets			
Intangible assets	9	5	0
Tangible assets	10	471	475
		476	475
Current assets			
Stocks	11	1,792	1,882
Debtors	12	2,351	2,339
Cash at bank and in hand	13	178	184
		4,321	4,405
Creditors: amounts falling due within one year	14	(3,679)	(3,690)
Net current assets		642	715
Total assets less current liabilities		1,118	1,190
Creditors: amounts falling due after one year	15	(199)	(86)
Provision for liabilities	17	(7)	-
Net assets		912	1,104
Capital and Reserves			
Called up share capital	18	4	4
Profit and loss account		908	1,100
Shareholders' funds		912	1,104

The notes on pages 11 to 22 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 20th September 2018 and were signed on its behalf by:

Mr J A Sheridan
Director

Registered number: 00437100

Cash flow statement

for the year ended 31 December 2017

	Note	**Year Ended 31 December 2017 £'000**	Year ended 31 December 2016 £'000
Cash flows from operating activities			
(Loss)/profit for the year		**(73)**	232
Adjustments for:			
Depreciation, amortisation and impairment	*10*	**48**	92
Interest payable and similar charges	*6*	**125**	138
Taxation	*7*	**(18)**	130
		82	592
(Increase)/decrease in trade and other debtors		**(11)**	468
Decrease/(increase) increase in stocks		**90**	(316)
Increase/(decrease) in trade and other creditors		**2**	(257)
		163	487
Tax paid		**(16)**	(30)
Net cash from operating activities		**147**	457
Cash flows from investing activities			
Acquisition of intangible assets	*9*	**(5)**	-
Acquisition of tangible fixed assets	*10*	**(44)**	(34)
Net cash from investing activities		**(49)**	(34)
Cash flows from financing activities			
Proceeds from new bank loan		**220**	-
Proceeds from related party loans		**185**	-
Interest paid		**(125)**	(138)
Repayment of borrowings		**(81)**	(44)
Payments to revolving credit facility		**(9,700)**	(11,149)
Receipts from revolving credit facility		**9,544**	11,232
Payment of finance lease liabilities		**(28)**	(15)
Dividends paid		**(119)**	(208)
Net cash from financing activities		**(104)**	(322)
Net (decrease)/increase in cash and cash equivalents		**(6)**	101
Cash and cash equivalents at the beginning of the period		**184**	83
Cash and cash equivalents at 31 December		**178**	184

Notes

(forming part of the financial statements)

1. Accounting policies

A. Algeo Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 00437100 and the registered address is Sheridan House, Bridge Industrial Estate, Speke Hall Road, Liverpool, L24 9HB.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

1.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In forming this expectation, the directors have considered the financial position of the company in addition to future budgets and cashflow forecasts which shows the company will be able to operate within the level of its existing bank and loan facilities for the foreseeable future. The company has prepared forecasts and projections for the next two years that consider the impact of all reasonable trading issues. Sensitivity analysis also shows that the company has sufficient headroom should certain key assumptions not be realised.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 and 3. The company's objectives, policies and processes for managing its capital, and its financial risk management objectives and policies are also set out in the strategic report on pages 2 and 3. As outlined on page 21, the Company received loans from shareholders amounting to £185,000 during the year. The loan note holders have confirmed that those loans which could be recalled within 12 months will not be. Despite reporting a loss during the year, the company has a net asset position at the year end. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes *(continued)*

1. Accounting policies *(continued)*

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition, a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.10 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives and basis for depreciation is as follows:

Buildings	2% straight line
Plant and Machinery	15% reducing balance
Fixtures and Fittings	15% reducing balance
Motor Vehicles	25% straight line
Equipment	33% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first in first out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.7 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation, as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.9 Turnover

The turnover in the profit and loss account represents the value of all goods sold and services provided during the year, less returns received, and at selling price exclusive of value added tax and trade discounts. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the products have been transferred to the customer. The point at which the company fulfils its contractual obligations depends upon the shipping terms which have been agreed with the customer.

Notes *(continued)*

1. Accounting policies (continued)

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on the Company's bank loan, debt factoring facility interest, finance lease expenses recognised in profit or loss using the effective interest method and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
United Kingdom	**8,072**	8,522
Overseas	**1,249**	2,677
Total	**9,321**	11,199

3. Expenses and auditor's remuneration

Included in profit and loss are the following:	**Year ended 31 December 2017 £'000**	Year ended 31 December 2016 £'000
Depreciation of owned fixed assets	**40**	69
Depreciation of assets held under finance lease agreements	**8**	23
Foreign exchange gains/(losses)	**(29)**	(27)
Auditors remuneration in respect of:		
Audit services	**17**	19
Taxation services	**5**	5

4. Staff numbers and costs

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

	Year ended 31 December 2017 No	Year ended 31 December 2016 No
Number of distribution staff	**72**	73
Number of management staff	**5**	7
	77	80

The aggregate payroll costs of the above were:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Wages and salaries	**2,141**	2,380
Social security costs	**185**	165
Contribution to defined contribution plan	**48**	71
	2,374	2,616

Notes *(continued)*

5. Directors' remuneration

The remuneration paid to the directors of the company was:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Directors' remuneration	**197**	263
Contribution to defined contribution plan	**9**	13
	206	276

The remuneration of the highest paid director was:

Director's remuneration	**89**	80
Contribution to defined contribution plan	**2**	2
	91	82

Retirement benefits are accruing to the following number of directors under:	**No**	No
Defined contribution plan	**3**	5

6. Interest payable and similar expenses

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Finance charges on finance leases	**2**	4
Bank loan	**6**	2
Factoring charges	**93**	96
Other interest	**24**	36
	125	138

Notes *(continued)*

7. Taxation on ordinary activities

Analysis of charge in the year	**Year ended 31 December 2017**	Year ended 31 December 2016
UK corporation tax	**£'000**	£'000
UK corporation tax at 19.25% *(2016: 20%)*	-	142
Adjustments with respect to prior periods	**(35)**	(10)
Total current tax	**(35)**	132
Deferred tax		
Origination and reversal of timing differences	**17**	6
Adjustments with respect to prior periods	-	(9)
Effect of tax rate changing on opening balance	-	1
Total deferred tax movement (note 17)	**17**	(2)
Tax on profit on ordinary activities	**(18)**	130

Factors affecting the current tax charge for the current year

The current tax charge for the year is lower *(2016: higher)* than the standard rate of corporation tax in the UK of 19.25% *(2016: 20%)*. The differences are explained below:

Current tax reconciliation	**Year ended 31 December 2017 £'000**	Year ended 31 December 2016 £'000
(Loss) / profit on ordinary activities before tax	**(91)**	362
(Loss) / profit on the ordinary activities multiplied by the effective rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% *(2016: 20%)*.	**(17)**	72
Effects of:		
Expenses not deductible for tax purposes	**3**	76
Fixed asset differences	**1**	1
Effect of change in tax rate	**(3)**	-
Losses carried back	**34**	-
Adjustments to tax charge in respect of prior periods	**(36)**	(10)
Adjustments to tax charge in respect of prior periods – deferred tax	-	(9)
Tax on profit on ordinary activities (see above)	**(18)**	130

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantially enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

Deferred tax assets and liabilities on all timing differences have been calculated at 17%, being the rate of UK corporation tax that was substantively enacted on 6 September 2016.

8. Dividends

Dividends on ordinary shares	**Year ended 31 December 2017 £'000**	Year ended 31 December 2016 £'000
Paid and proposed during the period	**119**	208

Notes *(continued)*

9. Intangible fixed assets

	Trademarks	Total
Cost	£'000	£'000
At the beginning of the year	-	-
Additions	5	5
Disposals	-	-
As at 31 December 2017	5	5
Amortisation		
At the beginning of the year	-	-
Charge for the year	-	-
Disposals	-	-
As at 31 December 2017	-	-
Net book value		
As at 31 December 2016	-	-
As at 31 December 2017	5	5

10. Tangible fixed assets

	Land & Buildings	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At the beginning of the year	368	314	235	25	392	1,334
Additions	-	-	7	33	4	44
Disposals	-	-	-	-	-	-
As at 31 December 2017	368	314	242	58	396	1,378
Depreciation						
At the beginning of the year	97	239	153	23	347	859
Charge for the year	5	11	13	4	15	48
Disposals	-	-	-	-	-	-
As at 31 December 2017	102	250	166	27	362	907
Net book value						
As at 31 December 2016	271	75	82	2	45	475
As at 31 December 2017	266	64	76	31	34	471

The net book value of tangible fixed assets includes £40,333 *(2016: £14,730)* and depreciation charged in the year includes £7,535 *(2016: £23,273)* in respect of assets held under finance leases.

The net book value of land at year end is £nil *(2016: £nil)*.

Notes *(continued)*

11. Stock

	31 December 2017 £'000	31 December 2016 £'000
Finished goods	**1,792**	1,882

Finished goods recognised as cost of sales in the year amounted to £5,201,644 *(2016: £5,296,789)*.

Included in the value of stock is a provision of £88,207 (2016: £143,016)

12. Debtors

	31 December 2017 £'000	31 December 2016 £'000
Trade debtors	**1,236**	1,252
Amounts owed by associated companies	**1,001**	949
Deferred tax asset (see note 17)	**-**	10
Prepayments and other debtors	**114**	128
	2,351	2,339

Trade debtors includes a provision for bad debts of NIL *(2016: NIL)*

13. Cash in bank and in hand

	31 December 2017 £'000	31 December 2016 £'000
Cash at bank	**178**	184
Cash and cash equivalents per the cash flow statement	**178**	184

14. Creditors: Amounts falling due within one year

	31 December 2017 £'000	31 December 2016 £'000
Trade creditors	**1,164**	1,315
Revolving credit facility	**1,524**	1,680
Corporation tax	**51**	102
Taxation and social security	**467**	294
Bank loan (see note 16)	**30**	44
Accruals and sundry creditors	**181**	163
Finance lease creditor (see note 16)	**14**	7
Amounts owed to related parties	**248**	85
	3,679	3,690

15. Creditors: Amounts falling due after more than one year

	31 December 2017 £'000	31 December 2016 £'000
Bank loan (see note 16)	**171**	12
Finance lease creditor (see note 16)	**28**	7
Sundry creditors	**0**	67
	199	86

Notes *(continued)*

16. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	31 December 2017 £'000	31 December 2016 £'000
Creditors falling due within less than one year		
Secured bank loan	30	44
Finance lease liabilities	14	7
Directors Loans	185	-
	229	51
Creditors falling due more than one year		
Secured bank loan	171	12
Finance lease liabilities	28	7
	199	19

The secured bank loan is secured over land and buildings at Units 4, 5 & 6 Sheridan House.

The revolving credit facility is secured on a fixed and floating charge on the company's non-vesting debts and debentures incorporating full fixed and floating charge over all UK assets.

The bank loan amounting to £200,976 *(2016: £56,102)* is secured by a first legal charge over the company's land and buildings. The bank loan is repayable by 120 monthly instalments which commenced January 2009 at an interest rate of 2.5% above the Bank of England base rate.

Terms and debt repayment schedule

	Nominal Interest	Year of Maturity	Repayment Schedule	31 December 2017 £'000	31 December 2016 £'000
Secured bank loan	2.5% above base	2019	Monthly	201	56
Finance lease liabilities	10% – 14%	2019	Monthly	42	14
Directors Loans	1% above base	2018	Lump Sum	185	-
				428	70

Secured bank loan
The secured bank loan is payable as follows:

	31 December 2017 £'000	31 December 2016 £'000
Less than one year	30	44
Between 1 and 2 years	136	12
Over 2 years	35	-
	201	56

Finance lease liabilities
The finance lease liabilities are payable as follows:

	31 December 2017 £'000	31 December 2016 £'000
Less than one year	14	7
Between 1 and 2 years	11	6
Over 2 years	17	1
	42	14

Notes (continued)

17. Provision for liabilities

The provision for deferred liabilities consists solely of deferred taxation as follows:

Deferred taxation	**31 December 2017**	31 December 2016
	£'000	£'000
Opening balance	**(10)**	(8)
Charge / (credit) to the profit and loss account for the year	**17**	(2)
Closing balance	**7**	(10)

The elements of deferred taxation are as follows:

Accelerated capital allowances	**9**	7
Short term timing differences	**(2)**	(17)
	7	(10)

18. Share capital

Allocated, issued and fully paid	**31 December 2017**	31 December 2016
	£'000	£'000
4,500 Ordinary shares of £1 each	**4**	4

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31 December 2017	31 December 2016
	£'000	£'000
Less than one year	**87**	90
Between one and five years	**92**	179
Over five years	**0**	0
	179	269

During the year £90,686 was recognised as an expense in the profit and loss account in respect of operating leases (*2016:* £99,476). There are no other capital commitments at 31 December 2017 (*2016: nil*).

Notes *(continued)*

20. Financial Instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	31 December 2017 £'000	31 December 2016 £'000
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors	**2,351**	2,339
Financial liabilities		
Measured at amortised cost		
Revolving credit facility	**1,524**	1,680
Bank loan	**201**	56
Measured at undiscounted amount payable		
Trade and other creditors (see notes 14 & 15)	**1,635**	1,644
	3,360	3,380
	(1,009)	(1,041)

21. Related party disclosures

At 31 December 2017, the company was owed the sum of £1,000,635 *(2016: £949,539)* by A. Algeo (Aust) Pty Limited, a company related to A. Algeo Limited by common control. Sales made by the company to A. Algeo (Aust) Pty Limited during the year amounted to £387,221 (*2016:* £254,338).

During the year ending 31 December 2016, Algeos USA Inc returned stock to the company which resulted in overall sales credit notes of £88,456. The company is now being dissolved and there have been trading activities during 2017.

During the year, the company paid dividends of £119,365 (2016: £208,437) to ALG International Holdings Limited.

At 31 December 2017, the company owed £62,971 (2016: £85,000) to The John Joseph Trust, which is the majority shareholder of ALG International Holdings Limited, the majority shareholder in A. Algeo Ltd. No interest is paid on this loan.

The Company entered into a new loan with The John Joseph Trust on 14 December 2017. The loan was for £35,000 and is unsecured. The loan is fixed at 5 years, however, A. Algeo Ltd can choose to repay earlier. The interest rate 1% above the Bank of England base rate and is accrued annually and shall be payable in full at the end of the loan term with the principal amount. As at 31 December 2017, the balance owed was £35,000 *(2016 - £nil)*.

The Company entered into a new loan with D V Sheridan on 8 December 2017. The loan was for £100,000 and is unsecured. The loan is fixed at one year or a maximum of 5 years at the discretion of the lender, however, A. Algeo Ltd can choose to repay earlier. The interest rate 1% above the Bank of England base rate and is accrued annually and shall be payable in full at the end of the loan term with the principal amount. As at 31 December 2017, the balance owed was £100,000 *(2016 - £nil)*.

The Company entered into a new loan with J A Sheridan on 8 December 2017. The loan was for £65,000 and is unsecured. The loan was received in 2 instalments: £50,000 on 14 December 2017 and £15,000 on 22 January 2018. The loan is fixed at one year or a maximum of 5 years at the discretion of the lender, however, A. Algeo Ltd can choose to repay earlier. The interest rate 1% above the Bank of England base rate and is accrued annually and shall be payable in full at the end of the loan term with the principal amount. As at 31 December 2017, the balance owed was £50,000 *(2016 - £nil)*.

During the year, the company paid £nil *(2016: £39,000)* to Tough Love, a company owned by Gemma Sheridan, wife of Hugh Sheridan, when he was a Director of the Company.

Notes *(continued)*

22. Transactions with directors

At the balance sheet date, the company owed £150,000 *(2016: £ nil)* to directors.

23. Contingent liabilities

There were no contingent liabilities at the balance sheet date *(2016: £nil).*

24. Controlling party

The company is a subsidiary of ALG International Holdings Limited, a company incorporated in the Isle of Man.

The company is ultimately controlled by The John Joseph Trust.

25. Subsequent events

The Company received the second instalment of £15,000 on 22 January 2018 in relation to the loan with J A Sheridan. (See note 20)