

Rosewood Pet Products Limited

Report and Financial Statements

Period Ended

31 December 2014

Company Number 662785

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Rosewood Pet Products Limited

**Report and financial statements
for the period ended 31 December 2014**

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Directors

N Panter
B Panter
N Cruickshank
M Bollands

Registered office

45 Coalport Road, Broseley, Shropshire, TF12 5AN

Company number

662785

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Rosewood Pet Products Limited

Strategic report for the period ended 31 December 2014

The directors present their strategic report together with the audited financial statements for the period ended 31 December 2014.

Principal activities, review of business and future developments

The principal activity of the company continued to be the distribution of pet accessories.

The directors consider that the results for the period and the company's financial position at the end of the period were satisfactory.

Turnover has been in line with the directors' expectations during the period and the company remains in a strong financial position.

Sales for the seven month period were £13.9m and the gross margin achieved has slightly increased against that of the previous year.

Sales in to new retailers and sales channels reflect the markets' appetite for pet products during a period of economic recovery. This means reliance on traditional markets is diluted. Similarly, export markets remain a key target to help reduce dependence on the UK market.

The market in which the company operates continues to be challenging, however the directors are committed to continual market and product development.

Whilst there will continue to be risks and uncertainties in the market, affecting plans for future expansion, the directors believe that the developments in the business this period will provide a strong platform for future profitable growth.

Key performance indicators

We consider that our key financial performance indicators are the operating profit performance and return on capital employed. Operating profit for the period was £1,169,978. Return on Assets has increased compared to prior year. Return on Assets during the period is calculated as profit after tax divided by average total assets. The company's cash balance has increased by £1,240,625 this period.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Price risk

The company is exposed to changes in the market prices of its products. In order to protect against adverse price movements, the company uses forward agreements where possible to lock in the price of products, and periodically reviews its agreements with suppliers to ensure these are on commercially favourable terms.

Credit risk

Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements.

Liquidity risk

The company is financed with appropriate long term and short term finance to match the need of the business.

Rosewood Pet Products Limited

Strategic report
for the period ended 31 December 2014 (*continued*)

Principal risks and uncertainties (*continued*)

Interest rate risk

The company's bank loan bears interest, exposing the company to cashflow risk on adverse movements in the underlying base rate.

Foreign exchange risk

The company is exposed to foreign currency risk on its operations, by virtue of entering into transactions in currencies other than the company's functional currency of Sterling. In order to manage this risk, the company enters into forward currency arrangements to fix the exchange rate for known transactions. This mitigates the risk that the exchange rate may move unfavourably, resulting in adverse cash outflows.

Financial instruments

The company holds financial instruments to finance its operations and these are monitored as part of the day to day control procedures of the company.

The company maintains foreign currency bank accounts with sales and purchases made in foreign currencies. The company is therefore exposed to movements in the sterling exchange rate. The Board monitors the net exposure and uses appropriate bank facilities, such as forward exchange contracts or similar products, to limit such exposure.

In addition various financial instruments such as trade debtors and creditors arise directly from trading. Cashflow requirements are considered on a regular basis to ensure that appropriate facilities are available to be drawn upon as necessary.

On behalf of the board



M Bolland
Director

Date: 17/6/15

Rosewood Pet Products Limited

Report of the directors for the period ended 31 December 2014

The directors present their report together with the audited financial statements for the period ended 31 December 2014.

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the period.

A final dividend of £140,765, being £281.53 per 'A' ordinary share, was paid during the period.

A review of business and future developments, and principal risks and uncertainties, are set out within the strategic report.

Financial instruments

Information regarding financial instruments is set out within the strategic report.

Post balance sheet events

Refer to note 25 for consideration of post balance sheet events.

There have been no other events since the balance sheet date which materially affect the position of the company.

Research and development

The company continues to invest in research and development. This has resulted in improvements in the product offering.

Directors

The directors of the company during the period were:

N Panter
B Panter
N Cruickshank
M Bollands

Rosewood Pet Products Limited

Report of the directors for the period ended 31 December 2014 (continued)

Directors' responsibilities

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

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

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

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

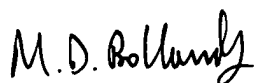
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



M Bolland
Director

Date: 17/6/15

Rosewood Pet Products Limited

Independent auditor's report

To the members of Rosewood Pet Products Limited

We have audited the financial statements of Rosewood Pet Products Limited for the 7 month period ended 31 December 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the period 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Rosewood Pet Products Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Stephen Ward (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

23 June 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Rosewood Pet Products Limited

Profit and loss account for the period ended 31 December 2014

	Note	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
Turnover	2	13,876,307	19,672,469
Cost of sales		10,853,214	15,671,143
		<hr/>	<hr/>
Gross profit		3,023,093	4,001,326
Distribution costs		984,738	1,503,849
Administrative expenses		868,377	1,508,295
		<hr/>	<hr/>
Operating profit	3	1,169,978	989,182
Other interest receivable and similar income		2,710	4,671
Interest payable and similar charges	6	(102,632)	(91,821)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,070,056	902,032
Taxation on profit on ordinary activities	7	208,825	208,072
		<hr/>	<hr/>
Profit on ordinary activities after taxation		861,231	693,960
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current period and prior year are included in the profit and loss account.

The notes on pages 11 to 26 form part of these financial statements.

Rosewood Pet Products Limited

Balance sheet at 31 December 2014

<i>Company number 662785</i>	Note	31 December 2014 £	31 December 2014 £	31 May 2014 £	31 May 2014 £
Fixed assets					
Intangible assets	9		57,744		66,165
Tangible assets	10		609,512		623,223
Fixed asset investments	11		150,200		30,100
			817,456		719,488
Current assets					
Stocks	12	4,231,313		2,778,533	
Debtors	13	5,675,689		4,621,594	
Cash at bank and in hand		1,240,711		86	
		11,147,713		7,400,213	
Creditors: amounts falling due within one year	14	7,302,725		4,140,868	
Net current assets			3,844,988		3,259,345
Total assets less current liabilities			4,662,444		3,978,833
Creditors: amounts falling due after more than one year	15	359,076		404,590	
Provisions for liabilities	16	8,659		-	
			367,735		404,590
			4,294,709		3,574,243

The notes on pages 11 to 26 form part of these financial statements.

Rosewood Pet Products Limited

Balance sheet at 31 December 2014 (*continued*)

	Note	31 December 2014 £	31 December 2014 £	31 May 2014 £	31 May 2014 £
Capital and reserves					
Called up share capital	18		3,000		3,000
Share premium account	19		109,500		109,500
Capital redemption reserve	19		11,900		11,900
Profit and loss account	19		4,170,309		3,449,843
Shareholders' funds	20		4,294,709		3,574,243

The financial statements were approved by the board of directors and authorised for issue on 17-6-15



N Panter
Director

The notes on pages 11 to 26 form part of these financial statements.

Rosewood Pet Products Limited

Cashflow statement for the period ended 31 December 2014

	Note	7 months ended 31 December 2014 £	7 months ended 31 December 2014 £	Year ended 31 May 2014 £	Year ended 31 May 2014 £
Net cash inflow from operating activities	26		177,913		333,757
Returns on investments and servicing of finance					
Interest received		2,710		4,671	
Interest paid: bank loans		(26,657)		(15,499)	
Interest paid: other loans		(74,051)		(71,782)	
Interest paid: hire purchase		(1,924)		(4,540)	
Net cash outflow from returns on investments and servicing of finance			(99,922)		(87,150)
Taxation					
Corporation tax paid			(78,372)		(161,649)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		-		(72,180)	
Payments to acquire tangible fixed assets		(67,905)		(70,761)	
Payments to acquire fixed asset investments		(120,100)		-	
Receipts from sale of tangible fixed assets		-		14,000	
Net cash outflow from capital expenditure and financial investment			(188,005)		(128,941)
Dividends paid			(140,765)		(215,798)
Cash outflow before use of financing			(329,151)		(259,781)
Financing					
Advances from/(repayment to) invoice discounters		1,677,855		341,582	
New finance leases		-		40,163	
Loans repaid		(29,169)		(50,004)	
Capital element of finance leases repaid		(18,150)		(12,640)	
Net cash inflow from financing			1,630,536		319,101
Increase in cash	27		1,301,385		59,320

The notes on pages 11 to 26 form part of these financial statements.

Rosewood Pet Products Limited

Notes forming part of the financial statements for the period ended 31 December 2014

1 Accounting policies

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

The following principal accounting policies have been applied:

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 2% straight line
Plant and machinery	- 25% straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% straight line

Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost is based on purchase price and includes amounts in relation to freight and duty where applicable. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Rosewood Pet Products Limited

Notes forming part of the financial statements for the period ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Research and development

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the company starts to benefit from the expenditure.

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (continued)

1 Accounting policies (continued)

Accounting Period

These financial statements represent the period starting 1 June 2014 to 31 December 2014. The comparative year represented the year starting 1 June 2013 to 31 May 2014.

2 Turnover

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
Analysis by geographical market:		
United Kingdom	12,356,697	17,544,635
Europe	1,019,079	1,355,635
Rest of the world	500,531	772,199
	<u>13,876,307</u>	<u>19,672,469</u>

Turnover is wholly attributable to the principal activity of the company.

3 Operating profit

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
This is arrived at after charging/(crediting):		
Amortisation of other intangible fixed assets	8,421	6,015
Hire of plant and equipment	1,992	2,709
Motor vehicle leasing	36,360	75,175
Rent	65,915	125,628
Auditors' remuneration	10,000	10,000
Depreciation of owned tangible fixed assets	69,253	120,606
Depreciation of assets held under hire purchase contracts	12,363	23,125
Profit on disposal of tangible fixed assets	-	(1,754)
	<u></u>	<u></u>

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (continued)

4 Employees

Staff costs (including directors) consist of:

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
Wages and salaries	958,698	1,445,992
Social security costs	104,523	138,019
Other pension costs	20,998	21,789
	<u>1,084,219</u>	<u>1,605,800</u>

The average number of employees (including directors) during the period/year was as follows:

	7 months ended 31 December 2014 Number	Year ended 31 May 2014 Number
Office and management	17	17
Sales and distribution	45	42
	<u>62</u>	<u>59</u>

5 Directors' remuneration

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
Directors' emoluments	202,460	268,075
Company contributions to money purchase pension schemes	9,283	14,688
	<u>211,743</u>	<u>282,763</u>

There were 4 directors in the company's defined contribution pension scheme during the period (31 May 2014 - 4).

The total amount payable to the highest paid director in respect of emoluments was £87,768 (31 May 2014 - £112,039). Company pension contributions of £1,625 (31 May 2014 - £4,774) were made to a money purchase scheme on their behalf.

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (*continued*)

6 Interest payable and similar charges

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
Bank overdraft	26,657	15,499
Finance leases and hire purchase contracts	1,924	4,540
Commercial mortgage	7,643	9,231
Invoice discounting	66,408	62,551
	<hr/>	<hr/>
	102,632	91,821
	<hr/>	<hr/>

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (*continued*)

7 Taxation on profit on ordinary activities

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
<i>UK Corporation tax</i>		
Current tax on profits of the period/year	225,899	218,672
Adjustment in respect of previous periods	(31,811)	-
	<hr/>	<hr/>
Total current tax	194,088	218,672
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	1,669	(10,011)
Adjustment in respect of previous periods	13,068	-
Effect of changes in tax rate	-	(589)
	<hr/>	<hr/>
Movement in deferred tax provision	14,737	(10,600)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	208,825	208,072
	<hr/>	<hr/>

The tax assessed for the period/year is lower than/higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
Profit on ordinary activities before tax	1,070,056	902,032
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.00% (2014 - 22.67%)	224,712	204,491
Effect of:		
Expenses not deductible for tax purposes	2,940	3,324
Depreciation for period in excess of capital allowances	-	11,488
Adjustment to tax charge in respect of previous periods	(31,811)	-
Capital allowances in excess of depreciation	(1,862)	
Other timing differences	109	(631)
	<hr/>	<hr/>
Current tax charge for the period/year	194,088	218,672
	<hr/>	<hr/>

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (*continued*)

8 Dividends

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
'A' ordinary shares		
Final dividend paid of 281.53 (31 May 2014 - 431.60) per share	140,765	215,798
	<u>140,765</u>	<u>215,798</u>

9 Intangible fixed assets

	Research and development £
<i>Cost or valuation</i>	
At 1 June 2014 and 31 December 2014	72,180
	<u>72,180</u>
<i>Amortisation</i>	
At 1 June 2014	6,015
Provided for the period	8,421
	<u>14,436</u>
At 31 December 2014	14,436
	<u>14,436</u>
<i>Net book value</i>	
At 31 December 2014	57,744
	<u>57,744</u>
At 31 May 2014	66,165
	<u>66,165</u>

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (*continued*)

10 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>					
At 1 June 2014	548,538	1,004,078	99,829	213,760	1,866,205
Additions	-	31,722	36,183	-	67,905
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	548,538	1,035,800	136,012	213,760	1,934,110
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 June 2014	155,744	856,781	30,795	199,662	1,242,982
Provided for the period	6,399	56,664	13,083	5,470	81,616
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	162,143	913,445	43,878	205,132	1,324,598
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2014	386,395	122,355	92,134	8,628	609,512
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2014	392,794	147,297	69,034	14,098	623,223
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Freehold land and buildings includes land costing £119,000 which is not depreciated.

The net book value of tangible fixed assets includes an amount of £62,860 (31 May 2014 - £75,223) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the period/year was £12,363 (31 May 2014 - £23,125).

11 Fixed asset investments

	Other investments £
<i>Cost or valuation</i>	
At 1 June 2014	30,100
Additions	120,100
	<hr/>
At 31 December 2014	150,200
	<hr/>

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (continued)

12 Stocks

	31 December 2014 £	31 May 2014 £
Finished goods and goods for resale	4,231,313	2,778,533

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	31 December 2014 £	31 May 2014 £
Amounts receivable within one year		
Trade debtors	4,991,566	4,062,645
Director's loan account	1,490	25,000
Prepayments and accrued income	237,374	219,729
	5,230,430	4,307,374
Amounts receivable after more than one year		
Other debtors	445,259	308,142
Deferred taxation (see note 16)	-	6,078
	445,259	314,220
Total debtors	5,675,689	4,621,594

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (*continued*)

14 Creditors: amounts falling due within one year

	31 December 2014 £	31 May 2014 £
Bank overdraft (secured - see note (a) below)	-	60,760
Bank loan (secured - see notes (a) and (b) below)	50,004	50,004
Trade creditors	1,939,699	1,375,234
Corporation tax	324,398	208,682
Other taxation and social security	133,368	273,786
Obligations under finance lease and hire purchase contracts	28,784	30,589
Invoice discounting (secured - see note (c) below)	3,322,736	1,644,881
Accruals and deferred income	1,503,736	496,932
	<u>7,302,725</u>	<u>4,140,868</u>

(a) The bank loan and overdraft are secured by a fixed and floating charge over the assets of the company.

(b) The bank loan of £750,000 was drawn down in May 2007. The loan is repayable by equal monthly installments finishing in May 2022. Interest is charged at 1.15 per cent over Lloyds TSB bank base rate.

(c) The amount due to the invoice discounting company is secured by a first legal charge over debtors.

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (continued)

15 Creditors: amounts falling due after more than one year

	31 December 2014 £	31 May 2014 £
Bank loans (secured - see notes 14 (a) and (b))	346,709	375,878
Obligations under finance lease and hire purchase contracts	12,367	28,712
	<u>359,076</u>	<u>404,590</u>

Maturity of debt:

	Loans and overdrafts 31 December 2014 £	Loans and overdrafts 31 May 2014 £	Finance leases 31 December 2014 £	Finance leases 31 May 2014 £
In one year or less, or on demand	50,004	110,764	28,784	30,589
In more than one year but not more than two years	50,004	50,004	12,367	23,728
In more than two years but not more than five years	150,012	150,012	-	4,984
In more than five years	146,693	175,862	-	-
	<u>346,709</u>	<u>375,878</u>	<u>12,367</u>	<u>28,712</u>

Included in creditors due after more than one year are the following amounts repayable in more than five years:

	31 December 2014 £	31 May 2014 £
Loans	146,693	175,862

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (*continued*)

16 Provisions for liabilities

	Deferred taxation £
Transferred from debtors	(6,078)
Charged to profit and loss account	14,737
	<hr/>
At 31 December 2014	8,659
	<hr/>

Deferred taxation

	31 December 2014 £	31 May 2014 £
Accelerated capital allowances	8,918	(6,078)
Other timing differences	(259)	-
	<hr/>	<hr/>
	8,659	(6,078)
	<hr/>	<hr/>

17 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £20,998 (31 May 2014 - £21,789). Contributions amounting to £1,295 (31 May 2014 - £775) were payable to the fund and are included in creditors.

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (continued)

18 Share capital

	31 December 2014 £	31 May 2014 £
<i>Allotted, called up and fully paid</i>		
500 'A' ordinary shares of £1 each	500	500
2500 'C' ordinary shares of £1 each	2,500	2,500
	<u>3,000</u>	<u>3,000</u>

The aggregate voting rights of the 'C' Ordinary shares are restricted to 49.9% in any shareholder vote.

19 Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 June 2014	109,500	11,900	3,449,843
Profit for the period	-	-	861,231
Dividends	-	-	(140,765)
	<u>109,500</u>	<u>11,900</u>	<u>4,170,309</u>

20 Reconciliation of movements in shareholders' funds

	31 December 2014 £	31 May 2014 £
Profit for the period/year	861,231	693,960
Dividends	(140,765)	(215,798)
	<u>720,466</u>	<u>478,162</u>
Net additions to shareholders' funds	720,466	478,162
Opening shareholders' funds	3,574,243	3,096,081
	<u>4,294,709</u>	<u>3,574,243</u>

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (continued)

21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 31 December 2014 £	Other 31 December 2014 £	Land and buildings 31 May 2014 £	Other 31 May 2014 £
Operating leases which expire:				
Within one year	-	40,374	-	15,683
In two to five years	109,784	36,380	109,784	72,396
After five years	-	7,576	-	-
	<u>109,784</u>	<u>84,330</u>	<u>109,784</u>	<u>88,079</u>

22 Related party disclosures

In March 2012 Rosewood Pet Products Limited advanced funds totalling £310,000 to Isabels House Limited, a company in which N Panter and B Panter are directors. Interest is payable on the loan at 1% above base rate. At 31 December 2014 an amount of £303,324 (31 May 2014 - £308,142) was due from Isabels House Limited.

A short-term loan amounting to £1,490 (31 May 2014 - £25,000) was granted to N Panter (31 May 2014 - to B Panter). The amount due to Rosewood Pet Products Limited at 31 December 2014 was £1,490 (31 May 2014 - £25,000).

23 Ultimate controlling party

The company is controlled by N Panter and B Panter, who have 25.05 per cent of the voting rights each.

24 Capital commitments

	31 December 2014 £	31 May 2014 £
Contracted but not provided for	<u>97,000</u>	<u>-</u>

25 Post balance sheet events

On 30 January 2015, Rosewood Pet Products Ltd acquired International Sales Development Ltd for a consideration of £1,257,605.

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 (continued)

26 Reconciliation of operating profit to net cash inflow from operating activities

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
Operating profit	1,169,978	989,182
Amortisation of intangible fixed assets	8,421	6,015
Depreciation of tangible fixed assets	81,616	143,731
Profit on sale of tangible fixed assets	-	(1,754)
(Increase)/decrease in stocks	(1,452,780)	10,209
Increase in debtors	(1,054,095)	(1,190,153)
Increase in creditors	1,424,773	376,527
	<hr/>	<hr/>
Net cash inflow from operating activities	177,913	333,757
	<hr/>	<hr/>

27 Reconciliation of net cash flow to movement in net debt

	7 months ended 31 December 2014 £	Year ended 31 May 2014 £
Increase in cash	1,301,385	59,320
Cash outflow from changes in debt	(1,630,536)	(319,101)
	<hr/>	<hr/>
Movement in net debt	(329,151)	(259,781)
Opening net debt	(2,190,738)	(1,930,957)
	<hr/>	<hr/>
Closing net debt	(2,519,889)	(2,190,738)
	<hr/>	<hr/>

Rosewood Pet Products Limited

Notes forming part of the financial statements
for the period ended 31 December 2014 *(continued)*

28 Analysis of net debt

	At 1 June 2014 £	Cash flow £	At 31 December 2014 £
Cash at bank and in hand	86	1,240,625	1,240,711
Bank overdrafts	(60,760)	60,760	-
		<u>1,301,385</u>	
Debt due within one year	(1,694,885)	(1,677,855)	(3,372,740)
Debt due after one year	(375,878)	29,169	(346,709)
Finance leases	(59,301)	18,150	(41,151)
		<u>(1,630,536)</u>	
Total	<u>(2,190,738)</u>	<u>(329,151)</u>	<u>(2,519,889)</u>