

Registered number: 00662785

ROSEWOOD PET PRODUCTS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

THURSDAY



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COMPANIES HOUSE

## ROSEWOOD PET PRODUCTS LIMITED

### COMPANY INFORMATION

<b>Directors</b>	N J Panter B J Panter N Cruickshank M D Bollands
<b>Registered number</b>	00662785
<b>Registered office</b>	Unit 9 Hortonwood West Queensway Telford Shropshire TF1 6AH
<b>Independent auditor</b>	PKF Cooper Parry Group Limited Chartered Accountants & Statutory Auditor One Central Boulevard Blythe Valley Business Park Solihull West Midlands B90 8BG

## **ROSEWOOD PET PRODUCTS LIMITED**

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## **ROSEWOOD PET PRODUCTS LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **Introduction**

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

#### **Principal activities, review of business and future developments**

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

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

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

Sales for the year were £29.1m (2016: £26.0m) and the gross margin achieved has decreased against that of the previous year from 21.7% to 18.6%

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

#### **Financial 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 year was £1,092,533 (2016: £1,246,640). The return on capital employed for the year was 5.6% compared to prior period of 12%. It is calculated as profit after tax divided by average current assets. The group also monitors its cash position, the operating cash flows generated £0.1m (2016: £0.2m) and the group has invested this in product development and stock to sustain further growth.

#### **Principal risks and uncertainties**

The group's revenues are principally derived from retail markets. These markets, and therefore group revenues can be subject to variations in patterns of demand and are largely influenced by economic growth and consumer confidence. In response to this risk the directors keep up to date with local and wider economic conditions and are able to adapt the pricing strategy and cost base of the group accordingly.

#### **Financial instruments**

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

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

## **ROSEWOOD PET PRODUCTS LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **Principal risks and uncertainties (continued)**

##### **Financial risk management**

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

##### **Price risk**

The group is exposed to changes in the market prices of its products. In order to protect against adverse price movements, the group uses 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. A credit insurance policy has been implemented to add further mitigation against bad debts.

##### **Liquidity risk**

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

##### **Interest rate risk**

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

##### **Foreign exchange risk**

The group is exposed to foreign currency risk on its operations, by virtue of entering into transactions in currencies other than the group's functional currency of Sterling. In order to manage this risk, the group 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.

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



**M D Bollands**

Director

Date: 26/6/18

## **ROSEWOOD PET PRODUCTS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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 for the group's financial statements 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 group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £632,778 (2016: £915,201).

A dividend of £282,916 (2016: £259,668) was declared and paid to the ultimate owners during the year.

#### **Directors**

The directors who served during the year are as noted on the company information page.

#### **Future developments**

The directors do not foresee any changes to the principal activities of the group.

**ROSEWOOD PET PRODUCTS LIMITED**

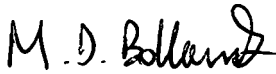
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Disclosure of information to auditor**

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

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

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



**M D Bolland**  
Director

Date: 26/6/18

## **ROSEWOOD PET PRODUCTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSEWOOD PET PRODUCTS LIMITED**

#### **Opinion**

We have audited the financial statements of Rosewood Pet Products Limited ('the parent company') and its subsidiaries ('the group') for the year ended 31 December 2017, which comprise the group statement of comprehensive income, the group and company balance sheets, the group statement of cash flows, the group and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.



## **ROSEWOOD PET PRODUCTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSEWOOD PET PRODUCTS LIMITED (CONTINUED)**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the group 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 group 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 group strategic report or the directors' report.

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

- adequate accounting records have not been kept 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.

## ROSEWOOD PET PRODUCTS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSEWOOD PET PRODUCTS LIMITED (CONTINUED)

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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



Paul Rowley (Senior Statutory Auditor)

for and on behalf of

**PKF Cooper Parry Group Limited**

Chartered Accountants

Statutory Auditor

One Central Boulevard  
Blythe Valley Business Park  
Solihull

West Midlands

B90 8BG

Date:

2 July 2018

**ROSEWOOD PET PRODUCTS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Turnover</b>	1.3,3	29,108,204	25,978,827
Cost of sales		(23,684,213)	(20,336,225)
<b>Gross profit</b>		<u>5,423,991</u>	<u>5,642,602</u>
Administrative expenses		(4,415,203)	(4,464,820)
Fair value movements on foreign exchange contracts		52,836	68,858
<b>Operating profit</b>	4	<u>1,061,624</u>	<u>1,246,640</u>
Interest receivable and similar income	8	4,456	4,644
Interest payable and expenses	9	(158,062)	(119,628)
<b>Profit on ordinary activities before taxation</b>		<u>908,018</u>	<u>1,131,656</u>
Taxation on profit on ordinary activities	10	(289,176)	(216,455)
<b>Profit for the financial year</b>		<u><u>618,842</u></u>	<u><u>915,201</u></u>
 <b>Profit for the year attributable to:</b>			
Non-controlling interests		3,704	14,891
Owners of the parent company		615,138	900,310
		<u><u>618,842</u></u>	<u><u>915,201</u></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated profit and loss account.

The notes on pages 15 to 36 form part of these financial statements.

**ROSEWOOD PET PRODUCTS LIMITED**  
**REGISTERED NUMBER: 00662785**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	12	418,646	625,662
Tangible assets	13	1,300,464	591,980
		<u>1,719,110</u>	<u>1,217,642</u>
<b>Current assets</b>			
Stocks	15	4,984,155	5,238,869
Debtors	16	9,144,482	7,061,207
Cash at bank and in hand		800,759	1,241,835
		<u>14,929,396</u>	<u>13,541,911</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(9,875,592)</u>	<u>(8,253,034)</u>
<b>Net current assets</b>		<u>5,053,804</u>	<u>5,288,877</u>
<b>Total assets less current liabilities</b>		<u>6,772,914</u>	<u>6,506,519</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(205,608)	(267,274)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(145,211)	(97,144)
<b>Net assets</b>		<u><u>6,422,095</u></u>	<u><u>6,142,101</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	3,000	3,000
Share premium	23	109,500	109,500
Capital redemption reserve	23	11,900	11,900
Profit and loss account	23	6,272,586	5,940,364
<b>Shareholders' funds</b>		<u>6,396,986</u>	<u>6,064,764</u>
Non-controlling interests		25,109	77,337
		<u><u>6,422,095</u></u>	<u><u>6,142,101</u></u>

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

**N J Panter**  
Director

Date:

*27.06.18*

The notes on pages 15 to 35 form part of these financial statements.

**ROSEWOOD PET PRODUCTS LIMITED**  
**REGISTERED NUMBER: 00662785**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	12	14,436	28,872
Tangible assets	13	1,299,380	591,490
Investments	14	1,436,761	1,436,761
		<u>2,750,577</u>	<u>2,057,123</u>
<b>Current assets</b>			
Stocks	15	4,828,929	4,975,955
Debtors	16	9,129,186	6,726,123
Cash at bank and in hand		159,936	698,853
		<u>14,118,051</u>	<u>12,400,931</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(9,632,178)</u>	<u>(7,864,253)</u>
<b>Net current assets</b>		<u>4,485,873</u>	<u>4,536,678</u>
<b>Total assets less current liabilities</b>		<u>7,236,450</u>	<u>6,593,801</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(205,608)	(267,274)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(76,495)	(11,455)
<b>Net assets</b>		<u><u>6,954,347</u></u>	<u><u>6,315,072</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	3,000	3,000
Share premium	23	109,500	109,500
Capital redemption reserve	23	11,900	11,900
Profit and loss account	23	6,829,947	6,190,672
<b>Shareholders' funds</b>		<u><u>6,954,347</u></u>	<u><u>6,315,072</u></u>

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

**N J Panter**  
Director

Date:

27.06.18

The notes on 15 to 35 form part of these financial statements.

**ROSEWOOD PET PRODUCTS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Non- controlling interests £	Total equity £
<b>At 1 January 2017</b>	3,000	109,500	11,900	5,940,364	77,337	6,142,101
Profit for the year	-	-	-	615,138	3,704	618,842
Dividends: Equity capital	-	-	-	(282,916)	-	(282,916)
Dividends paid by subsidiary to minority interests	-	-	-	-	(55,932)	(55,932)
<b>At 31 December 2017</b>	<u>3,000</u>	<u>109,500</u>	<u>11,900</u>	<u>6,272,586</u>	<u>25,109</u>	<u>6,422,095</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Non- controlling interests £	Total equity £
<b>At 1 January 2016</b>	3,000	109,500	11,900	5,460,212	-	5,584,612
Profit for the year	-	-	-	900,310	14,891	915,201
Dividends: Equity capital	-	-	-	(259,668)	-	(259,668)
Dividends paid by subsidiary to minority interests	-	-	-	-	(109,600)	(109,600)
New share capital and share premium on issue*	-	-	-	356	11,200	11,556
<b>At 31 December 2016</b>	<u>3,000</u>	<u>109,500</u>	<u>11,900</u>	<u>5,940,364</u>	<u>77,337</u>	<u>6,142,101</u>

\* New shares in International Sales Development Limited were issued to the minority shareholders during the 2016 year which has resulted in a dilution of the group interest in the company.

The notes on 15 to 35 form part of these financial statements.

**ROSEWOOD PET PRODUCTS LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2017</b>	3,000	109,500	11,900	6,190,672	6,315,072
Profit for the year	-	-	-	922,191	922,191
Dividends: Equity capital	-	-	-	(282,916)	(282,916)
<b>At 31 December 2017</b>	<u>3,000</u>	<u>109,500</u>	<u>11,900</u>	<u>6,829,947</u>	<u>6,954,347</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2016</b>	3,000	109,500	11,900	5,541,786	5,666,186
Profit for the year	-	-	-	908,554	908,554
Dividends: Equity capital	-	-	-	(259,668)	(259,668)
<b>At 31 December 2016</b>	<u>3,000</u>	<u>109,500</u>	<u>11,900</u>	<u>6,190,672</u>	<u>6,315,072</u>

The notes on pages 15 to 36 form part of these financial statements.

**ROSEWOOD PET PRODUCTS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	618,842	915,201
<b>Adjustments for:</b>		
Amortisation of intangible fixed assets	207,016	207,016
Depreciation of tangible fixed assets	175,713	136,443
Profit on disposal of tangible fixed assets	-	(7,637)
Interest paid	158,062	114,984
Interest received	(4,456)	-
Taxation charge	289,176	216,455
Decrease/(increase) in stocks	254,714	(1,323,708)
(Increase)/decrease in debtors	(2,077,963)	122,036
Increase in creditors	781,939	346,637
Corporation tax paid	(331,644)	(436,891)
<b>Net cash generated from operating activities</b>	<u>71,399</u>	<u>290,536</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(884,197)	(76,797)
Proceeds from sale of tangible fixed assets	-	43,500
Interest received	4,456	4,644
HP interest paid	(878)	-
<b>Net cash used in investing activities</b>	<u>(880,619)</u>	<u>(28,653)</u>



**ROSEWOOD PET PRODUCTS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from financing activities</b>		
Proceeds from shares issued to minority interests	-	11,200
Movement in invoice discounting	642,711	426,942
Repayment of loans	(50,004)	(50,004)
Repayment of/new finance leases	(11,662)	(14,512)
Dividends paid	(282,916)	(259,668)
Interest paid	(157,184)	(119,628)
Dividends paid to non controlling interests	(55,932)	(109,600)
<b>Net cash used in financing activities</b>	<u>85,013</u>	<u>(115,270)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(724,207)</u>	<u>146,613</u>
Cash and cash equivalents at the beginning of the year	1,241,835	1,095,222
<b>Cash and cash equivalents at the end of the year</b>	<u><u>517,628</u></u>	<u><u>1,241,835</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	800,759	1,241,835
Bank overdrafts	(283,131)	-
	<u><u>517,628</u></u>	<u><u>1,241,835</u></u>

The notes on pages 15 to 36 form part of these financial statements.

## ROSEWOOD PET PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

Rosewood Pet Products Limited is a limited liability company incorporated and domiciled in the UK. The address of its registered office is disclosed on the company information page.

The financial statements are presented in Sterling (£). The financial statements are for a period of 52 weeks ended 31 December 2017 (2016: 52 weeks ended 31 December 2016).

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard FRS 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

As permitted by FRS 102 the group has taken advantage of the disclosure exemptions available under the standard in relation to the presentation of a company cash flow statement.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following principal accounting policies have been applied:

##### 1.2 Basis of consolidation

The consolidated financial statements present the results of Rosewood Pet Products Limited and its own subsidiaries ('the group') as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of changes in equity from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### 1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

###### Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## ROSEWOOD PET PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1. Accounting policies (continued)

##### 1.4 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated profit and loss account over its useful economic life.

###### Other intangible assets

Intangible assets in respect of customer and supplier relationships are valued based on the expected future discounted cash flows anticipated from the contracts acquired as part of the acquisitions.

Customer and supplier relationships acquired as part of the acquisition of International Sales Development Limited are considered to have a useful economic life of 5 years.

The estimated useful lives range as follows:

Goodwill	-	5	years
Other intangible fixed assets	-	5	years

##### 1.5 Tangible fixed assets

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

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is de-recognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

## ROSEWOOD PET PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1. Accounting policies (continued)

##### 1.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

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

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

At each balance sheet date, the directors review the carrying amounts of the group's tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the director estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

##### 1.6 Valuation of investments

Investments in subsidiaries are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the profit and loss account and the value of the investment is reduced accordingly.

##### 1.7 Stocks

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

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

##### 1.8 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

## **ROSEWOOD PET PRODUCTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **1. Accounting policies (continued)**

##### **1.9 Financial instruments**

###### **Basic financial instruments**

The group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

###### **Complex financial instruments**

The group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. These financial instruments are initially recorded at fair value on the date on which the contract is entered into and are subsequently measured at fair value through the profit and loss.

The fair value of forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Forward tax foreign currency contract assets and liabilities are derecognised when the liability is extinguished, that is when the contract obligation is discharged, cancelled or expired.

##### **1.10 Foreign currency translation**

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

At each period end foreign currency monetary items are translated using the closing rate.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

##### **1.11 Finance costs**

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

##### **1.12 Dividends**

Equity dividends are recognised when they become legally payable.

## **ROSEWOOD PET PRODUCTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **1. Accounting policies (continued)**

##### **1.13 Leasing and hire purchase**

Assets that are held by the group under leases which transfer substantially all the risk and rewards of ownership are classified as being held under hire purchase or finance lease. Leases which do not transfer substantially all the risk and rewards of ownership are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such arrangements are included in creditors net of the finance charge allocated to future periods.

The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **1.14 Pensions**

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

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in an independently administered fund.

##### **1.15 Holiday pay accrual**

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

##### **1.16 Provisions for liabilities**

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

## **ROSEWOOD PET PRODUCTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **1. Accounting policies (continued)**

##### **1.17 Taxation**

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

Deferred tax is calculated using the tax rates and laws that have been enacted to substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### **1.18 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which do not exceed five years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

## **ROSEWOOD PET PRODUCTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The directors make estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **Impairment of fixed assets**

The directors assess the impairment of tangible fixed assets and intangible assets subject to depreciation or amortisation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant under performance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

##### **Depreciation and residual values**

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are 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.

##### **Customer and supplier relationships**

Customer and supplier relationships are amortised over their useful lives. The useful life is assessed annually and may vary depending on a number of factors such as future market conditions.

##### **Recoverability of trade debtors**

Trade and other debtors are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such a difference will impact the carrying value of debtors and the charge in the profit and loss account.

##### **Valuation of derivatives**

The group recognises foreign exchange contracts on the balance sheet at their fair value. The fair value measurement utilises market observable inputs and data as far as possible. When not directly observable in active markets information the fair value must be computed internally based on internal assumptions. Changes in internal assumptions could materially impact the internally computed fair value. Changes in fair value are reflected in the profit and loss account.



## ROSEWOOD PET PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. Judgements in applying accounting policies (continued)

##### Carrying value of stocks

The directors review the market value of and demand for the group's stock on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stock. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the group's products and achievable selling prices.

##### Provisions

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

##### Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The group takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of what taxation is likely to be due. Management estimation is required to determine the amount of any deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

#### 3. Turnover

The whole of the turnover is attributable to the distribution of pet accessories.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	24,956,837	23,028,485
Rest of Europe	2,996,593	2,568,766
Rest of the world	1,154,774	381,576
	<u>29,108,204</u>	<u>25,978,827</u>

**ROSEWOOD PET PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**4. Operating profit**

The operating profit is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	175,713	136,443
Amortisation of intangible assets, including goodwill	207,016	207,016
Foreign exchange differences	37,439	12,354
Fair value movement on foreign exchange contracts	52,836	68,858
Operating lease rentals	256,737	199,376
Defined contribution pension cost	107,118	122,280
	<u>          </u>	<u>          </u>

**5. Auditor's remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	19,500	20,750
	<u>          </u>	<u>          </u>
<b>Fees payable to the group's auditor and its associates in respect of:</b>		
Taxation compliance services	5,500	7,200
All other services	1,500	1,500
	<u>          </u>	<u>          </u>
	<u>7,000</u>	<u>8,700</u>

Auditor's fees for the company were £16,000 (2016: £18,000).

# ROSEWOOD PET PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 6. Staff costs

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	1,684,771	1,497,931	1,684,771	1,497,931
Social security costs	154,631	171,765	154,631	171,765
Cost of defined contribution scheme	107,118	122,280	107,118	122,280
	<u>1,946,520</u>	<u>1,791,976</u>	<u>1,946,520</u>	<u>1,791,976</u>

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

	2017 No.	2016 No.
Office and management	19	18
Sales and distribution	48	46
	<u>67</u>	<u>64</u>

### 7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	195,420	265,634
Directors pension costs	78,052	95,016
	<u>273,472</u>	<u>360,650</u>

During the year retirement benefits were accruing to 4 directors (2016: 4) in respect of defined contribution pension schemes.

### 8. Interest receivable

	2017 £	2016 £
Other interest receivable	4,456	4,644
	<u>4,456</u>	<u>4,644</u>

**ROSEWOOD PET PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank interest payable	47,853	29,221
Invoice discounting	109,331	87,793
Finance leases and hire purchase contracts	878	2,614
	<u>158,062</u>	<u>119,628</u>

**10. Taxation**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	225,118	275,805
Adjustments in respect of previous periods	15,991	1,540
	<u>241,109</u>	<u>277,345</u>
<b>Total current tax</b>	<u>241,109</u>	<u>277,345</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	48,067	(59,932)
Changes to tax rates	-	(1,213)
Adjustment in respect of previous periods	-	255
<b>Total deferred tax</b>	<u>48,067</u>	<u>(60,890)</u>
<b>Taxation on profit on ordinary activities</b>	<u>289,176</u>	<u>216,455</u>

**ROSEWOOD PET PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. Taxation (continued)**

**Factors affecting tax charge for the year**

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

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Profit on ordinary activities before tax	908,018	1,131,656
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	174,793	226,331
<b>Effects of:</b>		
Expenses not deductible for tax purposes including amortisation	53,540	3,569
Fixed asset differences	(805)	-
Adjustments to tax charge in respect of prior periods	15,687	1,795
Income not taxable	(10,166)	(13,772)
Effect of change in tax rate	(246)	(1,468)
Deferred tax on foreign currency forward contracts not recognised in previous year	46,206	-
Movement in fair value of foreign currency forward contracts	10,167	-
<b>Total tax charge for the year</b>	<b>289,176</b>	<b>216,455</b>

The Chancellor has announced a reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020. This will reduce the company's future tax charge.

**11. Dividends**

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
'A' ordinary shares	282,916	259,668

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

12. Intangible assets

Group

	Research and development £	Goodwill £	Customer and supplier relationships £	Total £
<b>Cost</b>				
At 1 January 2017	72,180	145,900	817,000	1,035,080
At 31 December 2017	72,180	145,900	817,000	1,035,080
<b>Amortisation</b>				
At 1 January 2017	43,308	52,930	313,180	409,418
Charge for the year	14,436	29,180	163,400	207,016
At 31 December 2017	57,744	82,110	476,580	616,434
<b>Net book value</b>				
At 31 December 2017	14,436	63,790	340,420	418,646
At 31 December 2016	28,872	92,970	503,820	625,662

**ROSEWOOD PET PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**12. Intangible assets (continued)**

**Company**

	<b>Research and development £</b>
<b>Cost</b>	
At 1 January 2017	72,180
At 31 December 2017	<u>72,180</u>
<b>Amortisation</b>	
At 1 January 2017	43,308
Charge for the year	14,436
At 31 December 2017	<u>57,744</u>
<b>Net book value</b>	
At 31 December 2017	<u>14,436</u>
At 31 December 2016	<u>28,872</u>

**ROSEWOOD PET PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. Tangible fixed assets**

**Group**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 2017	548,538	1,270,445	76,496	214,470	2,109,949
Additions	-	238,173	-	646,024	884,197
At 31 December 2017	<u>548,538</u>	<u>1,508,618</u>	<u>76,496</u>	<u>860,494</u>	<u>2,994,146</u>
<b>Depreciation</b>					
At 1 January 2017	184,085	1,109,301	10,749	213,834	1,517,969
Charge for the year	10,971	108,055	17,627	39,060	175,713
At 31 December 2017	<u>195,056</u>	<u>1,217,356</u>	<u>28,376</u>	<u>252,894</u>	<u>1,693,682</u>
<b>Net book value</b>					
At 31 December 2017	<u>353,482</u>	<u>291,262</u>	<u>48,120</u>	<u>607,600</u>	<u>1,300,464</u>
At 31 December 2016	<u>364,453</u>	<u>161,144</u>	<u>65,747</u>	<u>636</u>	<u>591,980</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Motor vehicles	<u>23,136</u>	<u>31,678</u>



**ROSEWOOD PET PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. Tangible fixed assets (continued)**

**Company**

	<b>Freehold property £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 January 2017	548,538	1,269,482	76,496	214,470	2,108,986
Additions	-	238,173	-	644,052	882,225
At 31 December 2017	<u>548,538</u>	<u>1,507,655</u>	<u>76,496</u>	<u>858,522</u>	<u>2,991,211</u>
<b>Depreciation</b>					
At 1 January 2017	184,085	1,108,828	10,749	213,834	1,517,496
Charge for the year	10,971	107,565	17,627	38,172	174,335
At 31 December 2017	<u>195,056</u>	<u>1,216,393</u>	<u>28,376</u>	<u>252,006</u>	<u>1,691,831</u>
<b>Net book value</b>					
At 31 December 2017	<u>353,482</u>	<u>291,262</u>	<u>48,120</u>	<u>606,516</u>	<u>1,299,380</u>
At 31 December 2016	<u>364,453</u>	<u>160,654</u>	<u>65,747</u>	<u>636</u>	<u>591,490</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2017 £</b>	<b>2016 £</b>
Motor Vehicles	<u>23,136</u>	<u>31,678</u>

# ROSEWOOD PET PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 14. Fixed asset investments

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation or registration	Holding	Principal activity
International Sales Development Limited	England	90 %	Sale of pet products
Ningbo Rosewood Huge Dragon Company Limited	China	100 %	Sale of pet products

#### Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2017	1,436,761
At 31 December 2017	1,436,761
<b>Net book value</b>	
At 31 December 2017	1,436,761
At 31 December 2016	1,436,761

### 15. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Finished goods and goods for resale	4,984,155	5,238,869	4,828,929	4,975,955

Stock recognised in cost of sales during the year as an expense was £20,592,984 (2016: £18,306,600).

**ROSEWOOD PET PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**16. Debtors**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	8,305,844	6,104,507	8,224,337	5,842,995
Amounts owed by group undertakings	-	-	9,732	-
Other debtors	644,409	618,673	638,668	570,486
Prepayments and accrued income	194,229	338,027	256,449	312,642
	<u>9,144,482</u>	<u>7,061,207</u>	<u>9,129,186</u>	<u>6,726,123</u>

Included within other debtors are foreign currency forward contracts amounting to £328,624 (2016: £275,430).

Amounts included within company trade debtors at the year end that are subject to invoice discounting arrangement total £6,941,202 (2016: £5,499,269). Amount included within group trade debtors at the year end that are subject to invoice discounting arrangement total £6,997,176 (2016: £5,767,941).

**17. Creditors: Amounts falling due within one year**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	283,131	-	282,631	-
Bank loans	50,004	50,004	50,004	50,004
Invoice discounting	4,675,127	4,032,416	4,675,127	4,032,416
Trade creditors	2,336,680	2,918,529	2,286,515	1,547,791
Corporation tax	35,566	120,789	26,535	71,241
Other taxation and social security	107,493	80,451	107,493	80,451
Obligations under finance lease and hire purchase contracts	10,781	10,781	10,781	10,781
Other creditors	232,740	183,050	-	23,002
Accruals and deferred income	2,144,070	857,014	2,193,092	2,048,567
	<u>9,875,592</u>	<u>8,253,034</u>	<u>9,632,178</u>	<u>7,864,253</u>

Bank loans are secured by a fixed and floating charge over the assets of the group.

The bank loans are repayable over a period of 15 years via monthly installments. Interest is payable at a rate of 1.15% over Lloyds TSB base rate.

The amount under invoice discounting arrangements are secured by a first legal charge over debtors less than 120 days.

Net obligations under finance leases and hire purchase contracts are secured on the asset to which they relate.

**ROSEWOOD PET PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**18. Creditors: Amounts falling due after more than one year**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	196,697	246,701	196,697	246,701
Net obligations under finance leases and hire purchase contracts	8,911	20,573	8,911	20,573
	<u>205,608</u>	<u>267,274</u>	<u>205,608</u>	<u>267,274</u>

**19. Loans**

Bank loan repayments are due as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Amounts falling due within one year</b>				
Bank loans	50,004	50,004	50,004	50,004
	<u>50,004</u>	<u>50,004</u>	<u>50,004</u>	<u>50,004</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	196,697	200,016	196,697	200,016
	<u>196,697</u>	<u>200,016</u>	<u>196,697</u>	<u>200,016</u>
<b>Amounts falling due after more than 5 years</b>				
Bank loans	-	46,685	-	46,685
	<u>-</u>	<u>46,685</u>	<u>-</u>	<u>46,685</u>

**20. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Within one year	10,781	10,781	10,781	10,781
Between 1-2 years	8,911	10,781	8,911	10,781
Between 2-5 years	-	9,792	-	9,792
	<u>19,692</u>	<u>31,354</u>	<u>19,692</u>	<u>31,354</u>

**ROSEWOOD PET PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**21. Deferred taxation**

**Group**

	2017 £	2016 £
At beginning of year	97,144	158,034
Charged/(released) to the profit and loss account	48,067	(60,890)
<b>At end of year</b>	<b>145,211</b>	<b>97,144</b>

**Company**

	2017 £	2016 £
At beginning of year	11,455	21,594
Charged/(released) to the profit and loss account	65,040	(10,139)
<b>At end of year</b>	<b>76,495</b>	<b>11,455</b>

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	21,120	11,455	21,120	11,455
Separable intangibles	68,716	85,689	-	-
Other timing differences	55,375	-	55,375	-
	<b>145,211</b>	<b>97,144</b>	<b>76,495</b>	<b>11,455</b>

**22. Share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
500 Ordinary A shares of £1 each	500	500
2,500 Ordinary C shares of £1 each	2,500	2,500
	<b>3,000</b>	<b>3,000</b>

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

## ROSEWOOD PET PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 23. Reserves

##### Share capital

Share capital represents the nominal value of shares that have been issued.

##### Share premium account

The share premium account includes the premium on issue of equity shares.

##### Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

##### Profit and loss account

The profit and loss reserve represents accumulated profit and loss for the year and prior periods less dividends paid.

#### 24. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £107,118 (2016: £122,280). Contributions totaling £Nil (2016: £Nil) were payable at the balance sheet date and are within other creditors.

#### 25. Commitments under operating leases

At 31 December 2017 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	105,604	83,975	105,604	83,975
Later than 1 year and not later than 5 years	66,002	100,974	66,002	100,974
Later than 5 years	193,090	-	193,090	-
	<u>364,696</u>	<u>184,949</u>	<u>364,696</u>	<u>184,949</u>

#### 26. Guarantees

Import guarantees of £400,000 (2016: £40,000) were due to HM Customs Excise at 31 December 2017.

## **ROSEWOOD PET PRODUCTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **27. Related party transactions**

During March 2012 Rosewood Pet Products Limited advanced funds totalling £310,000 to a company under common ownership. Interest is receivable on the loan at 1% above base rate. At 31 December 2017 an amount of £299,509 (2016: £295,000) was due.

The group made purchases of £151,546 (2016: £706,590) and sales of £347,836 (2016: £11,770) from a company under common ownership.

At 31 December 2017, amounts of £9,391 were due from/(to) the directors (2016: £(22,474)). During the year the directors were advanced £166,388 (2016: £173,935) and repaid £198,253 (2016: £196,910). No interest has been charged on the amounts outstanding.

The directors consider there to be no key management personnel, other than the directors of the group who have authority and responsibility for planning, directing and controlling the activities of the group.

#### **28. Post balance sheet events**

After the year end the group disposed of freehold property amounting to £750,000 making a profit on disposal of £396,518.

#### **29. Controlling party**

The group is controlled by N J Panter and B J Panter.