

ROSEWOOD PET PRODUCTS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018



ROSEWOOD PET PRODUCTS LIMITED

COMPANY INFORMATION

Directors

N J Panter
B J Panter
N Cruickshank
M D Bollands

Registered number

00662785

Registered office

Unit 9
Hortonwood West
Queensway
Telford
Shropshire
TF1 6AH

Independent auditor

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 2018

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2018.

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 £33.5m (2017: £29.1m) and the gross margin achieved has decreased against that of the previous year from 18.5% to 17.7%.

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 £1,384,727 (2017: £1,061,624). The return on capital employed for the year was 19.7% compared to prior period of 15.7%. It is calculated as operating profit divided by total assets less current liabilities. The group also monitors its cash position, the operating cash flows generated £2.2m (2017: £0.1m) 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 2018

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 Bolland

Director

Date: 14 May 2019

ROSEWOOD PET PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £910,754 (2017: £618,842).

A dividend of £330,366 (2017: £282,916) 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 2018**

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.

A handwritten signature in black ink, appearing to read 'M. D. Bolland', with a stylized flourish at the end.

M D Bolland
Director

Date: 14 May 2019

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 2018, which comprise the group profit and loss account, 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 2018 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.

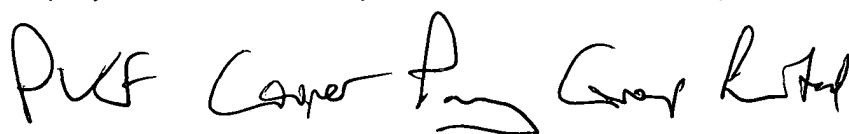
Auditor's responsibilities for the audit of the financial statements

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. 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

14 May 2019

ROSEWOOD PET PRODUCTS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	1.3,3	33,478,274	29,108,204
Cost of sales		(27,421,607)	(23,684,213)
Gross profit		6,056,667	5,423,991
Administrative expenses		(4,068,650)	(4,415,203)
Fair value movements		(603,290)	52,836
Operating profit	4	1,384,727	1,061,624
Interest receivable and similar income	8	10,925	4,456
Interest payable and similar expenses	9	(154,671)	(158,062)
Profit before tax		1,240,981	908,018
Tax on profit	10	(330,227)	(289,176)
Profit for the financial year		910,754	618,842
Profit for the year attributable to:			
Non-controlling interests		6,716	3,704
Owners of the parent		904,038	615,138
		910,754	618,842

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated profit and loss account.

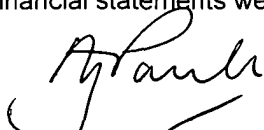
The notes on pages 15 to 35 form part of these financial statements.

ROSEWOOD PET PRODUCTS LIMITED
REGISTERED NUMBER: 00662785

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	211,630	418,646
Tangible assets	13	895,520	1,300,464
		<u>1,107,150</u>	<u>1,719,110</u>
Current assets			
Stocks	15	4,688,340	4,984,155
Debtors	16	8,594,358	9,144,482
Cash at bank and in hand		2,165,127	800,759
		<u>15,447,825</u>	<u>14,929,396</u>
Creditors: amounts falling due within one year	17	<u>(9,523,020)</u>	<u>(9,875,592)</u>
Net current assets		<u>5,924,805</u>	<u>5,053,804</u>
Total assets less current liabilities		<u>7,031,955</u>	<u>6,772,914</u>
Creditors: amounts falling due after more than one year	18	(18,209)	(205,608)
Provisions for liabilities			
Deferred taxation	21	<u>(64,320)</u>	<u>(145,211)</u>
Net assets		<u><u>6,949,426</u></u>	<u><u>6,422,095</u></u>
Capital and reserves			
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	6,846,258	6,272,586
Shareholders' funds		<u>6,970,658</u>	<u>6,396,986</u>
Non-controlling interests		<u>(21,232)</u>	<u>25,109</u>
		<u><u>6,949,426</u></u>	<u><u>6,422,095</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: 14 May 2019

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 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	-	14,436
Tangible assets	13	895,104	1,299,380
Investments	14	1,436,761	1,436,761
		<u>2,331,865</u>	<u>2,750,577</u>
Current assets			
Stocks	15	4,484,331	4,828,929
Debtors	16	8,613,306	9,129,186
Cash at bank and in hand		1,902,765	159,936
		<u>15,000,402</u>	<u>14,118,051</u>
Creditors: amounts falling due within one year	17	<u>(9,571,518)</u>	<u>(9,632,178)</u>
Net current assets		<u>5,428,884</u>	<u>4,485,873</u>
Total assets less current liabilities		<u>7,760,749</u>	<u>7,236,450</u>
Creditors: amounts falling due after more than one year	18	(18,209)	(205,608)
Provisions for liabilities			
Deferred taxation	21	-	(76,495)
Net assets		<u><u>7,742,540</u></u>	<u><u>6,954,347</u></u>
Capital and reserves			
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	7,618,140	6,829,947
Shareholders' funds		<u><u>7,742,540</u></u>	<u><u>6,954,347</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: 14 May 2019

The notes on pages 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 2018**

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Non- controlling interests £	Total equity £
At 1 January 2018	3,000	109,500	11,900	6,272,586	25,109	6,422,095
Profit for the year	-	-	-	904,038	6,716	910,754
Dividends: Equity capital	-	-	-	(330,366)	-	(330,366)
Dividends paid by subsidiary to minority interests	-	-	-	-	(53,057)	(53,057)
At 31 December 2018	<u>3,000</u>	<u>109,500</u>	<u>11,900</u>	<u>6,846,258</u>	<u>(21,232)</u>	<u>6,949,426</u>

**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 £
At 1 January 2017	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)
At 31 December 2017	<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>

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 2018**

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2018	3,000	109,500	11,900	6,829,947	6,954,347
Profit for the year	-	-	-	1,118,559	1,118,559
Dividends: Equity capital	-	-	-	(330,366)	(330,366)
At 31 December 2018	<u>3,000</u>	<u>109,500</u>	<u>11,900</u>	<u>7,618,140</u>	<u>7,742,540</u>

**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 £
At 1 January 2017	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)
At 31 December 2017	<u>3,000</u>	<u>109,500</u>	<u>11,900</u>	<u>6,829,947</u>	<u>6,954,347</u>

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

ROSEWOOD PET PRODUCTS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	910,754	618,842
Adjustments for:		
Amortisation of intangible assets	207,016	207,016
Depreciation of tangible assets	356,607	175,713
Profit on disposal of tangible assets	(399,412)	-
Interest paid	154,671	158,062
Interest received	(10,925)	(4,456)
Taxation charge	330,227	289,176
(Increase)/decrease in stocks	(524,786)	254,714
Decrease/(increase) in debtors	547,713	(2,077,963)
Increase in creditors	813,102	781,939
Corporation tax (paid)	(162,742)	(331,644)
Net cash generated from operating activities	<u>2,222,225</u>	<u>71,399</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(884,197)
Purchase of tangible fixed assets	(305,145)	-
Sale of tangible fixed assets	752,894	-
Interest received	10,925	4,456
HP interest paid	(950)	(878)
Net cash from investing activities	<u>457,724</u>	<u>(880,619)</u>

ROSEWOOD PET PRODUCTS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	£	£
Cash flows from financing activities		
Repayment of loans	(246,701)	(50,004)
Repayment of/new finance leases	18,262	(11,662)
Movements on invoice discounting	(830,655)	642,711
Dividends paid	(330,366)	(282,916)
Interest paid	(153,721)	(157,184)
Dividends paid to non controlling interests	(53,057)	(55,932)
Net cash used in financing activities	<u>(1,596,238)</u>	<u>85,013</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,083,711</u>	<u>(724,207)</u>
Cash and cash equivalents at beginning of year	517,628	1,241,835
Cash and cash equivalents at the end of year	<u><u>1,601,339</u></u>	<u><u>517,628</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,165,127	800,759
Bank overdrafts	(563,788)	(283,131)
	<u><u>1,601,339</u></u>	<u><u>517,628</u></u>

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

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 (2017: 52 weeks ended 31 December 2017).

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 the group's 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 the company and its own subsidiaries ("the group") as if they form 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 profit and loss account 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 2018

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 statement of comprehensive income over its useful economic life.

Other intangible assets

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

Customer 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 under the cost model 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 derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated 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 2018

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 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 consolidated 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 2018

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 2018

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 2018

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 relationships

Customer 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 2018

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:

	2018 £	2017 £
United Kingdom	28,908,770	24,956,837
Rest of Europe	3,427,156	2,996,593
Rest of the world	1,142,348	1,154,774
	<u>33,478,274</u>	<u>29,108,204</u>

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	356,607	175,713
Amortisation of intangible assets, including goodwill	207,016	207,016
Foreign exchange differences	(562,892)	37,439
Fair value movement on foreign exchange contracts	(603,290)	52,836
Operating lease rentals	431,171	256,737
Defined contribution pension cost	43,975	107,118
	<u> </u>	<u> </u>

5. Auditor's remuneration

	2018 £	2017 £
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	20,425	19,500
	<u> </u>	<u> </u>

Fees payable to the group's auditor and its associates in respect of:

Taxation compliance services	5,800	5,500
All other services	1,575	1,500
	<u>7,375</u>	<u>7,000</u>

Auditor's fees for the company were £16,750 (2017: £16,000).

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Staff costs

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	1,790,353	1,684,771	1,790,353	1,684,771
Social security costs	151,197	154,631	151,197	154,631
Cost of defined contribution scheme	43,975	107,118	43,975	107,118
	<u>1,985,525</u>	<u>1,946,520</u>	<u>1,985,525</u>	<u>1,946,520</u>

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

	2018 No.	2017 No.
Office and management	19	19
Sales and distribution	48	48
	<u>67</u>	<u>67</u>

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	220,824	195,420
Directors pension costs	14,800	78,052
	<u>235,624</u>	<u>273,472</u>

During the year retirement benefits were accruing to 4 directors (2017: 4) in respect of defined contribution pension schemes.

8. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>10,925</u>	<u>4,456</u>

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	21,422	47,853
Finance leases and hire purchase contracts	950	878
Invoice discounting	132,299	109,331
	<u>154,671</u>	<u>158,062</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	382,132	225,118
Adjustments in respect of previous periods	28,986	15,991
	<u>411,118</u>	<u>241,109</u>
Total current tax	<u>411,118</u>	<u>241,109</u>
Deferred tax		
Origination and reversal of timing differences	(80,891)	48,067
Total deferred tax	<u>(80,891)</u>	<u>48,067</u>
Taxation on profit on ordinary activities	<u>330,227</u>	<u>289,176</u>

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,240,981	908,018
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	235,786	174,793
Effects of:		
Expenses not deductible for tax purposes	84,473	53,540
Difference between capital allowances and depreciation	(74,023)	(805)
Adjustments to tax charge in respect of prior periods	27,201	15,687
Adjustments to deferred tax charge	16,696	-
Income not taxable	-	(10,166)
Effect of change in tax rate	-	(246)
Deferred tax on foreign currency forward contracts not recognised in previous year	-	46,206
Movement in fair value of foreign currency forward contracts	13,121	10,167
Effect of differing tax rates on overseas taxation	15,654	-
Deferred tax not recognised in previous year	11,319	-
Total tax charge for the year	330,227	289,176

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

	2018 £	2017 £
'A' ordinary shares	330,366	282,916

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Intangible assets

Group

	Research and development £	Goodwill £	Customer and supplier relationships £	Total £
Cost				
At 1 January 2018	72,180	145,900	817,000	1,035,080
At 31 December 2018	72,180	145,900	817,000	1,035,080
Amortisation				
At 1 January 2018	57,744	82,110	476,580	616,434
Charge for the year	14,436	29,180	163,400	207,016
At 31 December 2018	72,180	111,290	639,980	823,450
Net book value				
At 31 December 2018	-	34,610	177,020	211,630
At 31 December 2017	14,436	63,790	340,420	418,646

Company

	Research and development £
Cost	
At 1 January 2018	72,180
At 31 December 2018	72,180
Amortisation	
At 1 January 2018	57,744
Charge for the year	14,436
At 31 December 2018	72,180
Net book value	
At 31 December 2018	-
At 31 December 2017	14,436

ROSEWOOD PET PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2018	548,538	1,508,618	76,496	860,494	2,994,146
Additions	-	125,200	30,081	149,864	305,145
Disposals	(548,538)	(2,130)	(5,996)	-	(556,664)
At 31 December 2018	-	1,631,688	100,581	1,010,358	2,742,627
Depreciation					
At 1 January 2018	195,056	1,217,356	28,376	252,894	1,693,682
Charge for the year	-	151,549	19,293	185,765	356,607
Disposals	(195,056)	(2,130)	(5,996)	-	(203,182)
At 31 December 2018	-	1,366,775	41,673	438,659	1,847,107
Net book value					
At 31 December 2018	-	264,913	58,908	571,699	895,520
At 31 December 2017	353,482	291,262	48,120	607,600	1,300,464

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

	2018 £	2017 £
Motor vehicles	43,009	23,136

ROSEWOOD PET PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2018	548,538	1,507,655	76,496	858,522	2,991,211
Additions	-	125,868	30,081	149,864	305,813
Disposals	(548,538)	(2,130)	(5,996)	-	(556,664)
At 31 December 2018	-	1,631,393	100,581	1,008,386	2,740,360
Depreciation					
At 1 January 2018	195,056	1,216,393	28,376	252,006	1,691,831
Charge for the year	-	151,549	19,293	185,765	356,607
Disposals	(195,056)	(2,130)	(5,996)	-	(203,182)
At 31 December 2018	-	1,365,812	41,673	437,771	1,845,256
Net book value					
At 31 December 2018	-	265,581	58,908	570,615	895,104
At 31 December 2017	353,482	291,262	48,120	606,516	1,299,380

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

	2018 £	2017 £
Motor Vehicles	43,009	23,136

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 £
Cost or valuation	
At 1 January 2018	1,436,761
At 31 December 2018	1,436,761
Net book value	
At 31 December 2018	1,436,761
At 31 December 2017	1,436,761

International Sales Development Limited is incorporated in the United Kingdom and its registered office is the same as Rosewood Pet Products Limited.

Ningbo Rosewood Huge Dragon Company Limited is incorporated in China and its registered office is Room 6D07, Hall 10, International Exhibition Center, Yinzhou, Ningbo, China, 315042.

15. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Finished goods and goods for resale	4,688,340	4,984,155	4,484,331	4,828,929

Stock recognised in cost of sales during the year as an expense was £23,492,798 (2017: £20,592,984).

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	7,755,764	8,305,844	7,600,969	8,224,337
Amounts owed by group undertakings	-	-	58,085	9,732
Other debtors	751,662	644,409	748,332	638,668
Prepayments and accrued income	86,932	194,229	201,524	256,449
Deferred taxation	-	-	4,396	-
	<u>8,594,358</u>	<u>9,144,482</u>	<u>8,613,306</u>	<u>9,129,186</u>

Included within other debtors are foreign currency forward contracts amounting to £Nil (2017: £328,624).

Amounts included within company trade debtors at the year end that are subject to invoice discounting arrangements total £5,568,077 (2017: £6,941,202). Amounts included within group trade debtors at the year end that are subject to invoice discounting arrangements total £5,706,800 (2017: £6,997,176).

17. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank overdrafts	563,788	283,131	563,788	282,631
Bank loans	-	50,004	-	50,004
Invoice discounting	3,844,472	4,675,127	3,844,472	4,675,127
Trade creditors	2,148,217	2,336,680	2,105,313	2,286,515
Amounts owed to group undertakings	-	-	330,889	-
Corporation tax	279,747	35,566	266,613	26,535
Other taxation and social security	85,585	107,493	85,585	107,493
Obligations under finance lease and hire purchase contracts	19,745	10,781	19,745	10,781
Other creditors	530,383	232,740	274,666	-
Accruals and deferred income	2,051,083	2,144,070	2,080,447	2,193,092
	<u>9,523,020</u>	<u>9,875,592</u>	<u>9,571,518</u>	<u>9,632,178</u>

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

The bank loans were repaid during the year. Interest was payable at a rate of 1.15% over Lloyds TSB base rate.

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

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

Included within other creditors are foreign currency forward contracts amounting to £274,666 (2017: £Nil).

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	-	196,697	-	196,697
Net obligations under finance leases and hire purchase contracts	18,209	8,911	18,209	8,911
	<u>18,209</u>	<u>205,608</u>	<u>18,209</u>	<u>205,608</u>

19. Loans

Bank loan repayments are due as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts falling due within one year				
Bank loans	-	50,004	-	50,004
	<u>-</u>	<u>50,004</u>	<u>-</u>	<u>50,004</u>
Amounts falling due 1-2 years				
Bank loans	-	196,697	-	196,697
	<u>-</u>	<u>196,697</u>	<u>-</u>	<u>196,697</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Within one year	19,745	10,781	19,745	10,781
Between 1-5 years	18,209	8,911	18,209	8,911
	<u>37,954</u>	<u>19,692</u>	<u>37,954</u>	<u>19,692</u>

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

21. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	145,211	97,144
(Released)/charged to the profit and loss account	(80,891)	48,067
At end of year	64,320	145,211

Company

	2018 £	2017 £
At beginning of year	76,495	11,455
(Released)/charged to the profit and loss account	(80,891)	65,040
At end of year	(4,396)	76,495

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	43,462	21,120	43,462	21,120
Separable intangibles	68,716	68,716	-	-
Other timing differences	(47,858)	55,375	(47,858)	55,375
	64,320	145,211	(4,396)	76,495

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

22. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
500 Ordinary A shares of £1.00 each	500	500
2,500 Ordinary C shares of £1.00 each	2,500	2,500
	<hr/>	<hr/>
	3,000	3,000
	<hr/>	<hr/>

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

On 31st January 2019 the company repurchased 2,500 'C' Ordinary shares for £3,500,000 which were subsequently cancelled.

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 £43,975 (2017: £107,118). Contributions totaling £Nil (2017: £Nil) were payable at the balance sheet date and are within other creditors.

ROSEWOOD PET PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

25. Commitments under operating leases

At 31 December 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	438,224	105,604	438,224	105,604
Later than 1 year and not later than 5 years	1,810,060	66,002	1,810,060	66,002
Later than 5 years	2,892,230	193,090	331,030	193,090
	<u>5,140,514</u>	<u>364,696</u>	<u>2,579,314</u>	<u>364,696</u>

26. Guarantees

Import guarantees of £400,000 (2017: £400,000) were due to HM Customs Excise at 31 December 2018.

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 2018 an amount of £291,238 (2017: £299,509) was due from the company and included in debtors.

The group made purchases of £Nil (2017: £151,546) and sales of £375,311 (2017: £347,836) from a company under common ownership.

At 31 December 2018, amounts of £Nil were due to the directors (2017: £9,391). During the year the directors were advanced £Nil (2017: £166,388) and repaid £9,391 (2017: £198,253). 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. Controlling party

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