

**KNOLTON FARMHOUSE CHEESE LIMITED**

**UNAUDITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**KNOLTON FARMHOUSE CHEESE LIMITED**  
**REGISTERED NUMBER: 00785438**

**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	5	1,868,810	2,666,516
		<u>1,868,810</u>	<u>2,666,516</u>
<b>Current assets</b>			
Fixed assets held for sale		2,397,877	-
Stocks	6	131,774	141,184
Debtors: amounts falling due within one year	7	1,496,613	2,268,351
Cash at bank and in hand	8	128,049	256,661
		<u>4,154,313</u>	<u>2,666,196</u>
Creditors: amounts falling due within one year	9	(3,164,729)	(3,243,229)
<b>Net current assets/(liabilities)</b>		<u>989,584</u>	<u>(577,033)</u>
<b>Total assets less current liabilities</b>		<u>2,858,394</u>	<u>2,089,483</u>
Creditors: amounts falling due after more than one year	10	(1,228,191)	(537,077)
<b>Provisions for liabilities</b>			
Deferred tax	13	(81,929)	-
		<u>(81,929)</u>	<u>-</u>
<b>Net assets</b>		<u><u>1,548,274</u></u>	<u><u>1,552,406</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	19,625	19,625
Share premium account	15	38,500	38,500
Profit and loss account	15	1,490,149	1,494,281
		<u><u>1,548,274</u></u>	<u><u>1,552,406</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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**KNOLTON FARMHOUSE CHEESE LIMITED**  
**REGISTERED NUMBER: 00785438**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2017**

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The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 December 2017.

**R J Latham**

Director

The notes on pages 3 to 12 form part of these financial statements.

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## KNOLTON FARMHOUSE CHEESE LIMITED

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

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#### 1. General information

Knolton Farmhouse Cheese Limited, 00785438, is a private limited company limited by shares, incorporated in England and Wales, with its registered office and principal place of business at Knolton Farmhouse Cheese, Overton Road, Overton-on-Dee, Wrexham, Clwyd, LL13 0LG.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

###### Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company 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.

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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

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**2. Accounting policies (continued)**

**2.3 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.

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

Depreciation is provided on the following basis:

Other fixed assets	-	5%	straight line
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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 statement of comprehensive income.

**2.4 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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 profit or loss.

**2.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.6 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.

**2.7 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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**2. Accounting policies (continued)**

**2.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to the statement of comprehensive income 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.

**2.10 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**2.11 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the statement of comprehensive income 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 Company in independently administered funds.

**2.12 Interest income**

Interest income is recognised in the statement of comprehensive income using the effective interest method.

**2.13 Borrowing costs**

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

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

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**2. Accounting policies (continued)**

**2.14 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company 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 statement of comprehensive income in the year that the Company 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.

**2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the relates actual results. In the opinion of the directors there are no estimates nor assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

KNOLTON FARMHOUSE CHEESE LIMITED

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

4. Employees

The average monthly number of employees, including directors, during the year was 34 (2016 - 28).

5. Tangible fixed assets

	Freehold property £	Other fixed assets £	Total £
<b>Cost or valuation</b>			
At 1 April 2016	50,306	2,662,918	2,713,224
Additions	298,211	1,348,668	1,646,879
Reclassified to held for sale	-	(2,397,877)	(2,397,877)
At 31 March 2017	<u>348,517</u>	<u>1,613,709</u>	<u>1,962,226</u>
<b>Depreciation</b>			
At 1 April 2016	-	46,708	46,708
Charge for the year on financed assets	-	46,708	46,708
At 31 March 2017	<u>-</u>	<u>93,416</u>	<u>93,416</u>
<b>Net book value</b>			
At 31 March 2017	<u>348,517</u>	<u>1,520,293</u>	<u>1,868,810</u>
<b>At 31 March 2016</b>	<u>50,306</u>	<u>2,616,210</u>	<u>2,666,516</u>

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	<u>348,517</u>	<u>50,306</u>
	<u>348,517</u>	<u>50,306</u>



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KNOLTON FARMHOUSE CHEESE LIMITED

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

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6. Stocks

	2017 £	2016 £
Finished goods and goods for resale	131,774	141,184
	<u>131,774</u>	<u>141,184</u>

7. Debtors

	2017 £	2016 £
Trade debtors	499,293	485,727
Amounts owed by group undertakings	775,298	1,812,580
Other debtors	56,097	(48,124)
Tax recoverable	165,925	-
Deferred taxation	-	18,168
	<u>1,496,613</u>	<u>2,268,351</u>

8. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	128,049	256,661
	<u>128,049</u>	<u>256,661</u>

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KNOLTON FARMHOUSE CHEESE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	52,792	12,923
Trade creditors	350,706	582,664
Corporation tax	40,417	-
Other taxation and social security	20,696	274,255
Obligations under finance lease and hire purchase contracts	2,418,458	2,191,871
Other creditors	198,603	113,037
Accruals and deferred income	83,057	68,479
	<u>3,164,729</u>	<u>3,243,229</u>

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

	2017 £	2016 £
Bank loans	487,203	537,077
Net obligations under finance leases and hire purchase contracts	740,988	-
	<u>1,228,191</u>	<u>537,077</u>

**Secured loans**

All bank loans and overdrafts are secured against all assets held by the Company.

KNOLTON FARMHOUSE CHEESE LIMITED

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

11. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
<b>Amounts falling due within one year</b>		
Bank loans	52,792	12,923
	<u>52,792</u>	<u>12,923</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	54,779	52,902
	<u>54,779</u>	<u>52,902</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	177,020	170,955
	<u>177,020</u>	<u>170,955</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loans	255,405	313,220
	<u>255,405</u>	<u>313,220</u>
	<u>539,996</u>	<u>550,000</u>

12. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	2,418,458	2,191,871
Between 1-2 years	138,921	-
Between 2-5 years	416,764	-
Over 5 years	185,303	-
	<u>3,159,446</u>	<u>2,191,871</u>

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

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13. Deferred taxation

	2017 £
At beginning of year	18,170
Charged to profit or loss	(100,097)
<b>At end of year</b>	<b><u>(81,927)</u></b>

The deferred taxation balance is made up as follows:

	2017 £
Accelerated capital allowances	(84,015)
Tax losses carried forward	2,088
	<b><u>(81,927)</u></b>

14. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
19,625 Ordinary shares of £1 each	<b><u>19,625</u></b>	<b><u>19,625</u></b>

15. Reserves

**Share premium account**

The share premium account comprises of the brought forward balance of £38,500.

**Profit & loss account**

The profit and loss account represents the accumulated profits of the Company since incorporation less distributions made to shareholders.

16. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £12,930 (2016 - £6,431).

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**KNOLTON FARMHOUSE CHEESE LIMITED**

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

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**17. Controlling party**

Knolton Farmhouse Cheese Ltd is a wholly owned subsidiary of Knolton Holdings Limited, registered address Knolton Farmhouse Cheese, Overton Road, Overton-on-Dee, Wrexham, Clwyd, LL13 0LG. Knolton Holdings Limited is under the control of Mr RJ Latham who owns 94% of the issued share capital of the company.

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