

Company Registration No. 00896298 (England and Wales)

GROVE PET FOODS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

THURSDAY



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COMPANIES HOUSE

GROVE PET FOODS LIMITED

COMPANY INFORMATION

Directors	J R Walgate A R Turner
Company number	00896298
Registered office	Lodge Farm Wigsley Road North Scarle Lincoln England LN6 9HD
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD
Bankers	The Royal Bank of Scotland plc 5 Church Street Sheffield S1 1HF

GROVE PET FOODS LIMITED

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GROVE PET FOODS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2017

The directors present the strategic report for the period ended 31 December 2017.

Fair review of the business

The principal activities of the company are the manufacture and sale of animal and pet foods, under the Alpha, Vitalln and Richa brands, as well as under private label contracts.

Following the relocation of manufacturing operations to the new factory at Lodge Farm and increase in capacity during the previous year, the business was able to attract a significant increase in new sales during 2017. To facilitate this rapid growth operational changes were implemented which have increased overhead costs in the same period. The Directors expect efficiency improvements to be made in the year ahead to impact positively on profitability and continue to develop the business in line with strategy.

The decision was taken to change the financial year end to align with the working pattern of the business.

Turnover was £18,162,963 compared with the previous year (2016: £8,857,626)

At the end of the financial period Balance Sheet net assets increased from £1,511,296 to £1,559,845.

The company has more than doubled the number of employees in the period and is committed to investing in improving the skill base of the workforce.

The future of our environment is at the forefront of everything that we do. The company actively pursues a policy to increase sustainability wherever possible throughout the organisation.

A major customer, Countrywide Farmers went into administration in March 2018. A provision has been made in these financial statements for the debt.

The Directors consider the result for the period to be satisfactory and continue to develop the business in line with strategy.

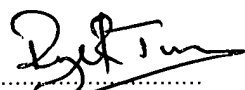
Principal risks and uncertainties

The main risk facing the company is fluctuation in raw material costs. The company uses forward contracts to manage risk in purchasing.

Key performance indicators

	2016/17	2015/16
Gross profit margin	22%	29%
Operating profit margin	1%	2%
Debtor, days	33 days	42 days

On behalf of the board



A B Turner

Director

15/6/18

GROVE PET FOODS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2017

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

Principal activities

The principal activity during the period continued to be the manufacture and supply of prepared pet food.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

J R Walgate
A R Turner

Results and dividends

The results for the period are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

BHP LLP were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

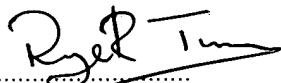
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

GROVE PET FOODS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

On behalf of the board



A R Turner

Director

Date: 15/6/18

GROVE PET FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GROVE PET FOODS LIMITED

Opinion

We have audited the financial statements of Grove Pet Foods Limited (the 'company') for the period ended 31 December 2017 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

GROVE PET FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GROVE PET FOODS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 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 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 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: <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.

Lisa Leighton (Senior Statutory Auditor)
for and on behalf of BHP LLP

Chartered Accountants
Statutory Auditor

15/6/18

2 Rutland Park
Sheffield
S10 2PD

GROVE PET FOODS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

		15 months ended 31 December 2017 £	Year ended 30 September 2016 £
	Notes		
Turnover	3	18,162,963	8,857,626
Cost of sales		(14,240,744)	(6,287,608)
Gross profit		3,922,219	2,570,018
Administrative expenses		(3,697,655)	(2,384,331)
Other operating income		9,500	-
Operating profit before exceptional costs	5	234,064	185,687
Bad debt provision	4	(70,000)	-
Operating profit after exceptional costs		164,064	185,687
Interest receivable and similar income	8	-	261
Interest payable and similar expenses	9	(162,267)	(123,872)
Profit before taxation		1,797	62,076
Tax on profit	10	46,752	-
Profit for the financial period		48,549	62,076
Other comprehensive income			
Revaluation of tangible fixed assets		(21,714)	(18,017)
Total comprehensive income for the period		26,835	44,059

The Profit and Loss account has been prepared on the basis that all operations are continuing operations.

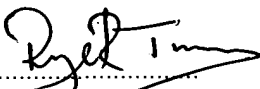
GROVE PET FOODS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	11		117,122		129,665
Tangible assets	12		3,791,707		4,243,250
			<u>3,908,829</u>		<u>4,372,915</u>
Current assets					
Stocks	14	1,541,321		711,693	
Debtors	15	1,818,320		1,396,418	
Cash at bank and in hand		152,724		39,334	
		<u>3,512,365</u>		<u>2,147,445</u>	
Creditors: amounts falling due within one year	16	(4,271,754)		(2,954,007)	
Net current liabilities			<u>(759,389)</u>		<u>(806,562)</u>
Total assets less current liabilities			3,149,440		3,566,353
Creditors: amounts falling due after more than one year	17		(1,589,595)		(2,055,057)
Net assets			<u>1,559,845</u>		<u>1,511,296</u>
Capital and reserves					
Called up share capital	21	2,000,000		2,000,000	
Revaluation reserve		183,820		205,534	
Profit and loss reserves		(623,975)		(694,238)	
Total equity			<u>1,559,845</u>		<u>1,511,296</u>

The financial statements were approved by the board of directors and authorised for issue on 15/6/18 and are signed on its behalf by:


A R Turner
Director

Company Registration No. 00896298

GROVE PET FOODS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 October 2015	2,000,000	223,551	(774,331)	1,449,220
Period ended 30 September 2016:				
Profit for the period	-	-	62,076	62,076
Other comprehensive income:				
Revaluation of tangible fixed assets	-	(18,017)	-	(18,017)
Total comprehensive income for the period	-	(18,017)	62,076	44,059
Transfers	-	-	18,017	18,017
Balance at 30 September 2016	2,000,000	205,534	(694,238)	1,511,296
Period ended 31 December 2017:				
Profit for the period	-	-	48,549	48,549
Other comprehensive income:				
Revaluation of tangible fixed assets	-	(21,714)	-	(21,714)
Total comprehensive income for the period	-	(21,714)	48,549	26,835
Transfers	-	-	21,714	21,714
Balance at 31 December 2017	2,000,000	183,820	(623,975)	1,559,845

GROVE PET FOODS LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	24	827,047		690,928	
Interest paid		(162,267)		(123,872)	
Income taxes refunded/(paid)		46,752		-	
Net cash inflow from operating activities		711,532		567,056	
Investing activities					
Purchase of intangible assets		(48,383)		(29,079)	
Purchase of tangible fixed assets		(237,082)		(522,507)	
Proceeds on disposal of tangible fixed assets		112,521		66,012	
Interest received		-		261	
Net cash used in investing activities		(172,944)		(485,313)	
Financing activities					
Proceeds of new finance leases		150,832		-	
Repayment of bank loans		(141,667)		(1,023,176)	
Payment of finance leases obligations		(434,363)		838,346	
Net cash used in financing activities		(425,198)		(184,830)	
Net increase/(decrease) in cash and cash equivalents		113,390		(103,087)	
Cash and cash equivalents at beginning of period		39,334		142,421	
Cash and cash equivalents at end of period		152,724		39,334	

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Grove Pet Foods Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lodge Farm, Wigsley Road, North Scarle, Lincoln, England, LN6 9HD.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

The company's reporting period was extended during the year so that the annual financial statements are now presented for the 15 month period ending 31 December 2017. The comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Branding	4 years
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1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	over 4 - 10 years
Fixtures, fittings & equipment	over 4 - 10 years
Motor vehicles	over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from connected companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Pet food	17,742,207	8,784,527
Animal food	420,756	73,099
	<u>18,162,963</u>	<u>8,857,626</u>
	2017 £	2016 £
Other significant revenue		
Interest income	-	261
	<u>-</u>	<u>261</u>

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

3 Turnover and other revenue

(Continued)

	2017 £	2016 £
Turnover analysed by geographical market		
UK	17,672,545	8,604,931
Europe	266,705	118,475
Other	223,713	134,220
	<u>18,162,963</u>	<u>8,857,626</u>

4 Exceptional costs

	2017 £	2016 £
Bad debt provision	<u>70,000</u>	<u>-</u>

5 Operating profit

	2017 £	2016 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses	3,425	-
Fees payable to the company's auditor for the audit of the company's financial statements	13,325	9,400
Depreciation of owned tangible fixed assets	650,797	499,228
(Profit)/loss on disposal of tangible fixed assets	(74,693)	3,133
Amortisation of intangible assets	60,926	39,341
Operating lease charges	<u>487,823</u>	<u>287,917</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2017 Number	2016 Number
Production	51	31
Administration	20	16
Management	8	6
	<u>79</u>	<u>53</u>

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

6 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,721,501	1,401,507
Pension costs	26,222	14,471
	<u>2,744,723</u>	<u>1,415,978</u>

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>221,522</u>	<u>177,047</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	120,000	96,000
Company pension contributions to defined contribution schemes	<u>4,875</u>	<u>3,900</u>

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Other interest income	<u>-</u>	<u>261</u>

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	20,225	22,924
Interest on finance leases and hire purchase contracts	<u>97,042</u>	<u>64,948</u>
	117,267	87,872
Other finance costs:		
Other interest	<u>45,000</u>	<u>36,000</u>
	<u>162,267</u>	<u>123,872</u>

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

10 Taxation

	2017 £	2016 £
Current tax		
Adjustments in respect of prior periods	(46,752)	-

The actual (credit)/charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	1,797	62,076
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	341	12,415
Tax effect of expenses that are not deductible in determining taxable profit	2,383	(5,085)
Change in unrecognised deferred tax assets	(17,687)	(14,953)
Adjustments in respect of prior years	(46,752)	-
Other permanent differences	(29,475)	7,623
Deferred tax adjustments in respect of prior years	20,946	-
Losses surrendered	23,492	-
Taxation credit for the period	(46,752)	-

The company has estimated losses of £2,537,000 (2016: £2,537,000) available for carry forward against future trading profits.

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2016	2,729,559
Additions - separately acquired	48,383
At 31 December 2017	2,777,942
Amortisation and impairment	
At 1 October 2016	2,599,894
Amortisation charged for the period	60,926
At 31 December 2017	2,660,820
Carrying amount	
At 31 December 2017	117,122
At 30 September 2016	129,665

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

12 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 October 2016	4,685,231	362,972	115,093	5,163,296
Additions	154,803	82,279	-	237,082
Disposals	(46,875)	-	-	(46,875)
At 31 December 2017	4,793,159	445,251	115,093	5,353,503
Depreciation and impairment				
At 1 October 2016	694,382	195,432	30,232	920,046
Depreciation charged in the period	571,820	49,780	29,197	650,797
Eliminated in respect of disposals	(9,047)	-	-	(9,047)
At 31 December 2017	1,257,155	245,212	59,429	1,561,796
Carrying amount				
At 31 December 2017	3,536,004	200,039	55,664	3,791,707
At 30 September 2016	3,990,849	167,540	84,861	4,243,250

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017 £	2016 £
Plant and machinery	277,500	277,500
Depreciation charge for the period in respect of leased assets	-	-

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017 £	2016 £
Cost	802,253	803,004
Accumulated depreciation	(761,257)	(742,425)
Carrying value	40,996	60,579

In accordance with FRS 102 paragraph 35.10(d) the company elected on transition in the previous year to use the valuation of plant and machinery as deemed cost.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

13 Financial instruments

All financial assets and liabilities are measured at amortised cost.

14 Stocks

	2017 £	2016 £
Raw materials and consumables	792,158	493,976
Finished goods and goods for resale	749,163	217,717
	<u>1,541,321</u>	<u>711,693</u>

15 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,557,055	1,111,835
Other debtors	121,747	118,048
Prepayments and accrued income	139,518	166,535
	<u>1,818,320</u>	<u>1,396,418</u>

16 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	121,428	121,428
Obligations under finance leases	19	434,247	433,983
Trade creditors		2,393,834	1,426,564
Other taxation and social security		226,258	28,684
Other creditors		984,773	768,180
Accruals and deferred income		111,214	175,168
		<u>4,271,754</u>	<u>2,954,007</u>

Included within other creditors are advances against invoices of £974,580 (2016: £758,474). The advances against invoices are secured by first charge over trade debtors.

For details of the bank loan security, please see note 18.

For details of the finance lease security, please see note 19.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	263,095	404,762
Obligations under finance leases	19	426,500	710,295
Other creditors		900,000	940,000
		<u>1,589,595</u>	<u>2,055,057</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	900,000	940,000
	<u>900,000</u>	<u>940,000</u>

18 Loans and overdrafts

	2017 £	2016 £
Bank loans	384,523	526,190
	<u>384,523</u>	<u>526,190</u>
Payable within one year	121,428	121,428
Payable after one year	263,095	404,762
	<u>384,523</u>	<u>526,190</u>

A bank loan of £384,523 remains outstanding at the year end. The bank loan is secured by way of a fixed and floating charge over the assets of the company, a personal guarantee provided by A R Turner of up to £500,000 and a guarantee of £850,000 provided by Holdco Alpha Limited.

19 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	434,247	433,983
In two to five years	426,500	710,295
	<u>860,747</u>	<u>1,144,278</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance leases are secured against the assets to which they relate.

Included within finance leases is an amount outstanding to Close Brothers of £245,543. A personal guarantee limited to £50,000 has been provided by A R Turner in respect of this finance lease.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

20 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	26,222	14,471

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2017	2016
Ordinary share capital	£	£
Issued and fully paid		
2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
	2,000,000	2,000,000

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	221,522	177,047

H Turner & Son Limited

At the period end £1,024,528 (2016: £934,736) was due to H Turner & Son Limited, of which £900,000 (2016: £900,000) is included in creditors due over one year, and £124,528 (2016: £34,736) is shown in creditors due within one year. Interest of £45,000 (2016: £36,000) was paid on the loan during the period. Other wages recharges of £96,048 and pension recharges of £10,025 were also made during the period.

Darlington Hall Estates Ltd

During the period Darlington Hall Estates Ltd charged the company rent of £167,368 (2016: £149,337). During the period £176,861 of sales were made to Darlington Hall Estates Ltd. At the period end a balance of £79,501 (2016: £44,378) was due from Darlington Hall Estates Ltd (a company in which A R Turner is a director). This is shown within other debtors.

Chestnut Bulk Bins Ltd

During the period the company made £93,554 of sales to Chestnut Bulk Bins Ltd (a company in which A R Turner is a director) and made purchases from Chestnut Bulk Bins Ltd of £192. At the period end £20,957 was due from Chestnut Bulk Bins and is included within other debtors.

A R Turner has provided a personal guarantee as disclosed in note 18 of the accounts.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

23 Controlling party

The ultimate holding company is Holdco Alpha Limited, a company registered in England and Wales. The ultimate controlling party is A R Turner, a director of the company.

24 Cash generated from operations

	2017 £	2016 £
Profit for the period after tax	48,549	62,076
Adjustments for:		
Taxation credited	(46,752)	-
Finance costs	162,267	123,872
Investment income	-	(261)
(Gain)/loss on disposal of tangible fixed assets	(74,693)	3,133
Amortisation and impairment of intangible assets	60,926	39,341
Depreciation and impairment of tangible fixed assets	650,797	499,228
Movements in working capital:		
(Increase)/decrease in stocks	(829,628)	30,004
(Increase) in debtors	(468,397)	(471,061)
Increase in creditors	1,323,978	404,596
Cash generated from operations	827,047	690,928