

Company Registration No. 01710336 (England and Wales)

CUSTOM COVERS (1984) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019



CUSTOM COVERS (1984) LIMITED

COMPANY INFORMATION

Directors	Mr R D Sanders BA, ACA Mr R S P Bell MRINA, CEng, BSc
Secretary	Mr R D Sanders BA, ACA
Company number	01710336
Registered office	Quayside Road Bitterne Manor Southampton SO18 1AD
Auditor	Wilkins Kennedy Audit Services Secure House Lulworth Close Chandlers Ford Southampton SO53 3TL

CUSTOM COVERS (1984) LIMITED

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CUSTOM COVERS (1984) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2019

The directors present the strategic report for the year ended 30 November 2019.

Fair Review of Business

Turnover for the year was down 13.8% to £6,326k (2018 - £7,338k). Gross profit for the year was £1,963k or 31% (2018 - £2,168k or 29.5%); pre-tax profit for the year was £230k or 3.6% (2018 - £395.1k or 5.4%).

In summary turnover was down significantly in the year; having exited the Tack off business in 2018 like for like sales were down a less excruciating 9.5% but gross profit was down in absolute and percentage terms.

We had a strong first half of the year with good growth in both areas we had expanded: PVC Covers and Hire. From June onwards the year was more challenging with sales slipping amid difficult trading conditions, which were not helped by subdued confidence caused by Brexit uncertainty. To prepare for and then have the uncertainty surrounding two false Brexit deadlines and then a leadership contest followed by a general election, did not make for confident trading and resulted in disappointing results.

We have built firm foundations for the future: the Quayside Rd south production facility (formerly the Pipe centre) and frame store came on stream on March 1st and we have made new hires in the management team.

Now we have left the EU we look forward to the successful negotiation of a trade deal with our erstwhile trading partner. Uncertainty surrounding this negotiation will I believe weigh on consumer sentiment as we enter the peak trading period.

The above paints a less than positive outlook however we had until very recently predicted a year of increased sales; we have a strong balance sheet and had looked forward with optimism knowing that we have laid strong foundations for growth. However, within the past few days from the date of this report, the Covid-19 outbreak has been declared a pandemic and the country has entered into a period of restricted movement. A specific risk has been documented below in relation to this.

Principal Risks and Uncertainties

The Company's activities expose it to a number of financial risks: market risk: (foreign exchange and cash flow interest rate risk), credit risk and liquidity risk. The Company's risk management procedure focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. In addition, as a manufacturing business we face health and safety risk.

Financial risk management is carried out by the finance department under procedures approved by the Managing Director. The Company evaluates and hedges financial risks. Taken in order these risks are as follows.

(a) Market risk (i) Foreign exchange risk: The company buys a significant % of its raw materials outside the UK and hence has foreign exchange risk. This risk is hedged by the purchase of forward foreign exchange contracts when foreign purchased goods are received. (ii) cash flow interest rate risk is minimal at present as the Company has a fixed rate loan which will be repaid in October 2027.

(b) Credit risk: credit risk is managed by the finance function. Finance is responsible for managing and analysing the credit risk for new customers before standard payment and delivery terms and conditions are offered. For existing customers credit risk is analysed monthly and reviewed by the management committee. Credit risk arises from cash deposits with banks, as well as credit exposures to retail customers, including outstanding receivables and committed transactions.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

CUSTOM COVERS (1984) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

(c) Liquidity risk: The Company monitors its risk to a shortage of funds using a cash flow forecasting model. This model considers the maturity of both its financial assets and financial liabilities (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans where applicable in order to ensure that there is sufficient cash or working capital facilities to meet the requirements of the Company for its current business plan.

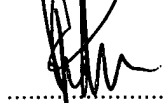
Health and Safety risk management is carried out by the Health and Safety committee which reports to the management committee of the company which sits monthly. The risk we are managing is the risk of injury, serious injury and death to workplace employees. The company's operations involve physical labour use of machinery and transport, these operations expose our staff to accidents including RIDDOR incidents. As a company we have well established training, accident reporting and processes in place to mitigate such risks. These are overseen by the Health and Safety committee which reports to the management committee of the company which sits monthly. The workings of both committees are reviewed periodically by the Board.

Trade deal transitional risk as a result of the UK leaving the EU is a risk that has been assessed by the Board this year. We believe that demand for the Companies products will be hit if the UK is unable to negotiate a favourable trade deal with the EU prior to the conclusion of the transitory agreement period that expires in Dec 2020 resulting from the UKs exit from the EU; in addition, the supply chain may face short term disruption. We will take steps to mitigate this risk as the facts emerge during 2020. Strategies will include ordering raw material stocks in advance where they originate in Europe in order to mitigate any supply disruption over the conclusion of the transitory period. Any FX exposure for this supply will be hedged.

The company believes that the trade terms of the UK exit from the European Union will be negotiated to the UKs satisfaction and that the passage to standalone status after the conclusion of the transitory agreement will be orderly.

Pandemic risk. In addition to the above risks we have as a company had to address the unfolding risk associated with the emergence of the global Covid-19 pandemic. On 23 March 2020, Custom Covers closed its doors to all but essential work for two months to ensure the health and safety of it's employees and customers. This decision was vindicated by the subsequent Government imposed lock-down. The board have assessed the liquidity implications of this decision and have concluded that the company is in robust financial shape and has the financial resources available to weather a two to possibly three month shut down. In addition, we have adequate cash reserves within the group and credit lines available and we are confident that these resources will ensure the company's continued operation and return to profitable trading within the next 12 months.

On behalf of the board



.....
Mr R D Sanders BA, ACA
Director

.....26/3/2020

CUSTOM COVERS (1984) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2019

The directors present their annual report and financial statements for the year ended 30 November 2019.

Principal activities

The principal activity of the company in the year under review was that of a bespoke cover maker based in Southampton and Winchester that provides a full service to customers looking for a marquee, temporary shelter or industrial structure.

Principally a PVC cover maker or marquee manufacturer, Custom Covers also specialises in the manufacture and installation of decorative linings for the event industry. Also the Company operates a hire business which rents out higher value stock items of decorative linings to the event trade.

Directors

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

Mr R D Sanders BA, ACA

Mr R S P Bell MRINA, CEng, BSc

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £163,197. The directors do not recommend payment of a further dividend.

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.

CUSTOM COVERS (1984) LIMITED

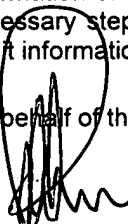
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

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.

On behalf of the board



.....
Mr R D Sanders BA, ACA

Director

Date:26/3/2020

CUSTOM COVERS (1984) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CUSTOM COVERS (1984) LIMITED

Opinion

We have audited the financial statements of Custom Covers (1984) Limited (the 'company') for the year ended 30 November 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 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 30 November 2019 and of its 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the extent of the impact of Covid-19 is unclear and it is difficult to evaluate all potential implications on the company's trade, customer, suppliers and the wider economy.

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.

CUSTOM COVERS (1984) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CUSTOM COVERS (1984) LIMITED

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 year 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.

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, 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.

CUSTOM COVERS (1984) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CUSTOM COVERS (1984) LIMITED

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.

Wilkins Kennedy Audit Services

Michael Wesley FCA (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

26/3/2020

Statutory Auditor

Secure House
Lulworth Close
Chandlers Ford
Southampton
SO53 3TL

CUSTOM COVERS (1984) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	6,326,183	7,338,851
Cost of sales		(4,363,414)	(5,170,525)
Gross profit		1,962,769	2,168,326
Administrative expenses		(1,712,284)	(1,749,221)
Operating profit	4	250,485	419,105
Interest receivable and similar income	7	3,693	2,745
Interest payable and similar expenses	8	(24,167)	(26,724)
Profit before taxation		230,011	395,126
Tax on profit	9	(48,585)	(68,732)
Profit for the financial year		181,426	326,394

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

CUSTOM COVERS (1984) LIMITED

BALANCE SHEET

AS AT 30 NOVEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	10		3,191,350		3,056,805
Current assets					
Stocks	11	1,049,187		756,626	
Debtors	12	542,183		729,597	
Cash at bank and in hand		686,616		1,210,732	
		<u>2,277,986</u>		<u>2,696,955</u>	
Creditors: amounts falling due within one year	13	<u>(1,047,154)</u>		<u>(1,310,016)</u>	
Net current assets			<u>1,230,832</u>		<u>1,386,939</u>
Total assets less current liabilities			<u>4,422,182</u>		<u>4,443,744</u>
Creditors: amounts falling due after more than one year	14		(712,955)		(794,292)
Provisions for liabilities	16		<u>(143,006)</u>		<u>(101,460)</u>
Net assets			<u><u>3,566,221</u></u>		<u><u>3,547,992</u></u>
Capital and reserves					
Called up share capital	19		89,250		89,250
Share premium account			27,750		27,750
Revaluation reserve			470,244		474,103
Profit and loss reserves			<u>2,978,977</u>		<u>2,956,889</u>
Total equity			<u><u>3,566,221</u></u>		<u><u>3,547,992</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26/3/2020 and are signed on its behalf by:

Mr R D Sanders BA, ACA
Director

Company Registration No. 01710336

CUSTOM COVERS (1984) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 December 2017		89,250	27,750	477,962	2,839,709	3,434,671
Year ended 30 November 2018:						
Profit and total comprehensive income for the year		-	-	-	326,394	326,394
Dividends	20	-	-	-	(213,073)	(213,073)
Transfers		-	-	(3,859)	3,859	-
Balance at 30 November 2018		89,250	27,750	474,103	2,956,889	3,547,992
Year ended 30 November 2019:						
Profit and total comprehensive income for the year		-	-	-	181,426	181,426
Dividends	20	-	-	-	(163,197)	(163,197)
Transfers		-	-	(3,859)	3,859	-
Balance at 30 November 2019		89,250	27,750	470,244	2,978,977	3,566,221

CUSTOM COVERS (1984) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	24	143,971		869,116	
Interest paid		(24,167)		(26,724)	
Income taxes paid		(64,848)		(68,853)	
Net cash inflow from operating activities		54,956		773,539	
Investing activities					
Purchase of tangible fixed assets		(364,986)		(230,622)	
Proceeds on disposal of tangible fixed assets		24,189		40,186	
Interest received		3,693		2,745	
Net cash used in investing activities		(337,104)		(187,691)	
Financing activities					
Repayment of bank loans		(78,771)		(85,574)	
Holding company loan		-		41	
Dividends paid		(163,197)		(213,073)	
Net cash used in financing activities		(241,968)		(298,606)	
Net (decrease)/increase in cash and cash equivalents		(524,116)		287,242	
Cash and cash equivalents at beginning of year		1,210,732		923,490	
Cash and cash equivalents at end of year		686,616		1,210,732	

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

Company information

Custom Covers (1984) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quayside Road, Bitterne Manor, Southampton, SO18 1AD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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, except that as disclosed in the principal accounting policies as 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.

Prior to the date of signing the financial statements, the Covid-19 pandemic had started, along with the consequential restrictions on movement and events occurring across the country. The company has made the difficult decision to close the majority of its production for a period of two months, maintaining a limited workforce to meet the reduced level of orders. The directors have taken further steps to limit expenditure in the short term, whilst ensuring all liabilities are met, and to take advantage of the various measures introduced by the Government to assist businesses during the period of the pandemic. The directors consider that the steps introduced, along with the cash reserves in the company and the wider group will ensure the company can continue as a going concern for a period of at least 12 months from the date of signing these financial statements.

1.3 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.

1.4 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.

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

(Continued)

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:

Freehold buildings	2% on cost
Plant and machinery	10% on cost
Fixtures and fittings	20% on cost and 10% on cost
Computers	20% on cost
Motor vehicles	20% on cost
Hire equipment	PVC & lining equipment 20% reducing balance, frame 10% reducing balance. No depreciation charge in the year of manufacture or inclusion in hire equipment.

Freehold land is not depreciated.

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.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.6 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 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.

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

(Continued)

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 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.

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

(Continued)

1.11 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.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Leases

The directors have determined whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Impairment of fixed assets

The directors have determined whether there are any indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Bank borrowings

The directors have determined whether bank borrowings are classified as current or non-current borrowings. These decisions depend on the cash flow requirements of the company and whether the bank borrowings can be repaid.

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

Tangible fixed assets are depreciated over their useful economic lives taking into consideration residual values, where 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 consideration. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Allowances for doubtful debts

Allowances for doubtful accounts are maintained for estimated losses resulting from the subsequent inability of customers to make required payments. If the financial conditions of customers were to deteriorate, resulting in impairment of the ability to make payments, additional allowances may be required in future periods.

Work in progress

Assess the stage of completion of work in progress and estimate the level of materials and labour used for each job.

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
The sale of goods	5,773,183	6,416,851
The rendering of services	553,000	922,000
	<u>6,326,183</u>	<u>7,338,851</u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom:	5,948,183	6,980,851
Rest of Europe	367,000	349,000
Rest of World	11,000	9,000
	<u>6,326,183</u>	<u>7,338,851</u>

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	11,000	11,000
Fees payable to the company's auditor for non-audit services	1,060	1,060
Depreciation of owned tangible fixed assets	206,859	172,614
Profit on disposal of tangible fixed assets	(607)	(3,383)
Operating lease charges	82,500	86,116
	<u> </u>	<u> </u>

5 Employees

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

	2019 Number	2018 Number
Directors	2	2
Production staff	59	64
Administrative staff	12	14
	<u> </u>	<u> </u>
	73	80
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,089,789	2,277,144
Social security costs	200,915	225,359
Pension costs	53,950	56,576
	<u> </u>	<u> </u>
	2,344,654	2,559,079
	<u> </u>	<u> </u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	239,316	249,716
Company pension contributions to defined contribution schemes	4,260	5,326
	<u> </u>	<u> </u>
	243,576	255,042
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

6 Directors' remuneration

(Continued)

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

	2019 £	2018 £
Remuneration for qualifying services	139,308	143,708

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	3,693	2,745

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	24,167	26,724

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	8,071	64,848
Adjustments in respect of prior periods	(1,032)	-
Total current tax	7,039	64,848
Deferred tax		
Origination and reversal of timing differences	41,546	3,884
Total tax charge	48,585	68,732

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	230,011	395,126
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	43,702	75,074
Capital allowances in excess of depreciation	(38,538)	(10,619)
Disallowable expenditure	3,006	601
Group relief	(99)	(208)
Movement on deferred tax provision	41,546	3,884
Adjustment in respect of prior years	(1,032)	-
Taxation charge for the year	48,585	68,732

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

10 Tangible fixed assets

	Freehold buildings £	Plant and machinery £	Fixtures and fittings £	Computers £	Motor vehicles £	Hire equipment £	Total £
Cost or valuation							
At 1 December 2018	2,346,200	1,138,664	155,009	157,787	82,711	334,199	4,214,570
Additions	-	265,453	347	7,193	-	91,993	364,986
Disposals	-	(7,410)	-	-	-	(34,235)	(41,645)
At 30 November 2019	2,346,200	1,396,707	155,356	164,980	82,711	391,957	4,537,911
Depreciation and impairment							
At 1 December 2018	168,200	713,078	78,734	125,745	59,254	12,754	1,157,765
Depreciation charged in the year	31,510	84,201	12,653	9,907	8,837	59,751	206,859
Eliminated in respect of disposals	-	(3,386)	-	-	-	(14,677)	(18,063)
At 30 November 2019	199,710	793,893	91,387	135,652	68,091	57,828	1,346,561
Carrying amount							
At 30 November 2019	2,146,490	602,814	63,969	29,328	14,620	334,129	3,191,350
At 30 November 2018	2,178,000	425,586	76,275	32,042	23,457	321,445	3,056,805

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

10 Tangible fixed assets

(Continued)

Included in cost or valuation of land and buildings is freehold land of £822,808 (2018 - £822,808) which is not depreciated.

The carrying value of land and buildings comprises:

	2019 £	2018 £
Freehold	2,146,490	2,178,000

Land and buildings were valued at 23 August 2017 by Vail Williams, Chartered Surveyors not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The directors believe that the valuation was not materially different from that held in the financial statements and therefore did not revalue land and buildings.

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:

	2019 £	2018 £
Cost	1,813,038	1,813,038
Accumulated depreciation	(117,675)	(94,528)
Carrying value	1,695,363	1,718,510

11 Stocks

	2019 £	2018 £
Raw materials and consumables	630,755	411,917
Work in progress	77,635	11,791
Finished goods and goods for resale	340,797	332,918
	1,049,187	756,626

12 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	440,968	631,269
Amounts owed by group undertakings	208	-
Prepayments and accrued income	101,007	98,328
	542,183	729,597

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

13 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans	15	90,657	88,091
Trade creditors		601,446	680,673
Corporation tax		7,039	64,848
Other taxation and social security		130,212	215,661
Other creditors		124,903	71,019
Accruals and deferred income		92,897	189,724
		<u>1,047,154</u>	<u>1,310,016</u>

14 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	15	<u>712,955</u>	<u>794,292</u>

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

Payable by instalments	<u>313,821</u>	<u>415,515</u>
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15 Loans and overdrafts

	2019 £	2018 £
Bank loans	<u>803,612</u>	<u>882,383</u>
Payable within one year	90,657	88,091
Payable after one year	<u>712,955</u>	<u>794,292</u>

The bank loan is repayable by monthly instalments at a fixed rate of interest at 2.87%.

HSBC Bank PLC has one outstanding legal mortgage over the freehold land & buildings.

The company has an overdraft facility from HSBC Bank PLC that is secured by two outstanding fixed and floating charges over the undertaking and all property and assets present and future including book and all other debts.

16 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	17	<u>143,006</u>	<u>101,460</u>

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	143,006	101,460
Movements in the year:		2019 £
Liability at 1 December 2018		101,460
Charge to profit or loss		41,546
Liability at 30 November 2019		143,006

18 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	53,950	56,576

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.

19 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
89,250 Ordinary of £1 each	89,250	89,250

20 Dividends

	2019 £	2018 £
Final paid	163,197	213,073

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	82,500	82,500
Between two and five years	354,000	346,000
In over five years	181,000	271,500
	<u>617,500</u>	<u>700,000</u>

The operating lease includes a break clause on the fifth anniversary of the lease.

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	-	165,130
	<u>-</u>	<u>165,130</u>

23 Ultimate controlling party

Custom Covers Holdings Limited, a company incorporated in England, is regarded by the directors as being the company's ultimate parent company. A copy of the consolidated financial statements are available from Quayside Road, Bitterne Manor Southampton, Hampshire, SO18 1AD.

The ultimate controlling party is R D Sanders BA, ACA.

CUSTOM COVERS (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

24 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	181,426	326,394
Adjustments for:		
Taxation charged	48,585	68,732
Finance costs	24,167	26,724
Investment income	(3,693)	(2,745)
Gain on disposal of tangible fixed assets	(607)	(3,383)
Depreciation and impairment of tangible fixed assets	206,859	172,614
Movements in working capital:		
(Increase)/decrease in stocks	(292,561)	249,052
Decrease/(increase) in debtors	187,414	(1,499)
(Decrease)/increase in creditors	(207,619)	33,227
Cash generated from operations	143,971	869,116

25 Analysis of changes in net funds/(debt)

	1 December 2018 £	Cash flows £	30 November 2019 £
Cash at bank and in hand	1,210,732	(524,116)	686,616
Borrowings excluding overdrafts	(882,383)	78,771	(803,612)
	328,349	(445,345)	(116,996)