

Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 March 2018
for
The Irongate Group Limited

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for the Year Ended 31 March 2018

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The Irongate Group Limited
Company Information
for the Year Ended 31 March 2018

DIRECTORS:

I H Thomson
Mrs J Thomson
A J Noble
Mrs S L Wilson

REGISTERED OFFICE:

Kingsway Park Close
Kingsway Industrial Park
Derby
DE22 3FT

REGISTERED NUMBER:

02566762 (England and Wales)

AUDITORS:

Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

Group Strategic Report
for the Year Ended 31 March 2018

The directors present their strategic report of the company and the group for the year ended 31 March 2018.

REVIEW OF BUSINESS AND FINANCIAL PERFORMANCE

The Irongate Group Limited performance in 2017/18 built on the progress of 2016/17 with a continued investment in new service categories of workwear and personal protective equipment, cleaning and breakroom supplies and further investments in its core business of office supplies and print.

Growth was achieved through integrating the sales structure to ensure clients are exposed to all the services allowing Irongate to gain a larger share of customers spend and deliver innovation through a single source supply solution to new clients.

Sales have remained consistent in the group overall increasing by 0.2% with GP margin decreasing slightly by 1.2% due to a change in product mix. This growth in sales was achieved by an investment in people and assets and this had an impact on the net profit position for the group, however this investment will see the group's growth continue in coming years as the investments in new and existing categories fuel the expansion of the customer base, sales and margins.

PRINCIPAL RISKS AND UNCERTAINTIES

The risks to the current strategy are from the group's ability to retain clients and to remain competitive and relevant in a constantly changing highly competitive market, crucial to this is the group's ability to retain and attract the best staff to deliver our unique range services.

KEY PERFORMANCE INDICATORS

Performance is measured by gross profit margins, product turnover, market requests and trends plus comparison with competitors. Performance is also measured through the review of the monthly management accounts. Gross profit, turnover and costs are reviewed on a monthly basis by the directors to consider the group's position. Monthly budgets are reviewed against actual for any unknown fluctuations in the figures.

FUTURE OUTLOOK

2018/19 will see The Irongate Group Limited reposition the business as a full businesses services provider with a small special team across the five specialist categories, further enhanced by further investment in additional warehouse and picking space and further develop its wide format capability through investment in both print output and finishing capabilities.

There have been no significant events since the year end.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The business uses basic financial instruments, comprising liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to maintain finance for operations. The main risks arising from the financial instruments is liquidity risk. The business seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The policy throughout the period has been to ensure continuity of funding and short term flexibility.

ON BEHALF OF THE BOARD:

A J Noble - Director

24 September 2018

Report of the Directors
for the Year Ended 31 March 2018

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of office supplies, office interiors, print specialists and other product areas such as work wear and personal protective equipment.

DIVIDENDS

Interim dividends totalling £25.60 per share were paid during the year. The directors recommend that no final dividend will be paid.

The total distribution of dividends for the year ended 31 March 2018 will be £281,600.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

I H Thomson
Mrs J Thomson
A J Noble
Mrs S L Wilson

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The group's financial assets and liabilities consist of trade debtors, trade creditors and cash balances.

The directors manage the group's exposure to financial risk by researching the credit worthiness of customers and by seeking advice from the group's providers of finance and its other external financial advisers.

The group does not trade in foreign currencies.

The group does not trade speculatively in derivatives or similar instruments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors
for the Year Ended 31 March 2018

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A J Noble - Director

24 September 2018

Report of the Independent Auditors to the Members of
The Irongate Group Limited

Opinion

We have audited the financial statements of The Irongate Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 group'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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of
The Irongate Group Limited

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the parent 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 parent company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Neal FCA CTA (Senior Statutory Auditor)
for and on behalf of Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

12 October 2018

Consolidated Profit and Loss Account
for the Year Ended 31 March 2018

	Notes	2018 £	2017 £
TURNOVER		17,269,113	17,235,959
Cost of sales		12,117,970	11,887,415
GROSS PROFIT		5,151,143	5,348,544
Administrative expenses		4,584,503	4,687,167
OPERATING PROFIT	4	566,640	661,377
Interest receivable and similar income		11,132	7,635
PROFIT BEFORE TAXATION		577,772	669,012
Tax on profit	5	120,669	167,630
PROFIT FOR THE FINANCIAL YEAR		457,103	501,382
Profit attributable to:			
Owners of the parent		457,103	501,382

Consolidated Other Comprehensive Income
for the Year Ended 31 March 2018

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		457,103	501,382
OTHER COMPREHENSIVE INCOME			
Profit and loss account			
Other reserves		12,323	53,168
Income tax relating to other comprehensive income		<u>(2,054)</u>	<u>(8,861)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>10,269</u>	<u>44,307</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>467,372</u>	<u>545,689</u>
Total comprehensive income attributable to: Owners of the parent		<u>467,372</u>	<u>545,689</u>

Consolidated Balance Sheet
31 March 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Intangible assets	8		437,951		522,332
Tangible assets	9		531,188		617,910
Investments	10		-		-
			<u>969,139</u>		<u>1,140,242</u>
CURRENT ASSETS					
Stocks	11	592,533		425,477	
Debtors	12	3,173,192		3,797,427	
Cash at bank and in hand		<u>2,316,404</u>		<u>1,868,102</u>	
		6,082,129		6,091,006	
CREDITORS					
Amounts falling due within one year	13	<u>3,172,305</u>		<u>3,524,948</u>	
NET CURRENT ASSETS			<u>2,909,824</u>		<u>2,566,058</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,878,963		3,706,300
PROVISIONS FOR LIABILITIES	15		<u>37,549</u>		<u>50,658</u>
NET ASSETS			<u><u>3,841,414</u></u>		<u><u>3,655,642</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		11,000		11,000
Share premium	17		114,321		114,321
Other reserves	17		379,953		369,684
Retained earnings	17		<u>3,336,140</u>		<u>3,160,637</u>
SHAREHOLDERS' FUNDS			<u><u>3,841,414</u></u>		<u><u>3,655,642</u></u>

The financial statements were approved by the Board of Directors on 24 September 2018 and were signed on its behalf by:

A J Noble - Director

Company Balance Sheet
31 March 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Intangible assets	8		51,667		71,667
Tangible assets	9		277,298		309,764
Investments	10		<u>2,010,472</u>		<u>2,010,472</u>
			<u>2,339,437</u>		<u>2,391,903</u>
CURRENT ASSETS					
Stocks	11	576,460		405,694	
Debtors	12	2,911,919		3,501,314	
Cash at bank		<u>1,169,028</u>		<u>862,215</u>	
		<u>4,657,407</u>		<u>4,769,223</u>	
CREDITORS					
Amounts falling due within one year	13	<u>2,902,275</u>		<u>3,150,261</u>	
NET CURRENT ASSETS			<u>1,755,132</u>		<u>1,618,962</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,094,569</u>		<u>4,010,865</u>
PROVISIONS FOR LIABILITIES	15		<u>16,603</u>		<u>23,589</u>
NET ASSETS			<u><u>4,077,966</u></u>		<u><u>3,987,276</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		11,000		11,000
Share premium	17		114,321		114,321
Other reserves	17		379,953		369,684
Retained earnings	17		<u>3,572,692</u>		<u>3,492,271</u>
SHAREHOLDERS' FUNDS			<u><u>4,077,966</u></u>		<u><u>3,987,276</u></u>
Company's profit for the financial year			<u><u>362,021</u></u>		<u><u>331,711</u></u>

The financial statements were approved by the Board of Directors on 24 September 2018 and were signed on its behalf by:

A J Noble - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2018

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 April 2016	11,000	2,913,477	114,321	352,755	3,391,553
Changes in equity					
Dividends	-	(281,600)	-	-	(281,600)
Total comprehensive income	-	528,760	-	16,929	545,689
Balance at 31 March 2017	11,000	3,160,637	114,321	369,684	3,655,642
Changes in equity					
Dividends	-	(281,600)	-	-	(281,600)
Total comprehensive income	-	457,103	-	10,269	467,372
Balance at 31 March 2018	11,000	3,336,140	114,321	379,953	3,841,414

Company Statement of Changes in Equity
for the Year Ended 31 March 2018

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 April 2016	11,000	3,414,782	114,321	352,755	3,892,858
Changes in equity					
Dividends	-	(281,600)	-	-	(281,600)
Total comprehensive income	-	359,089	-	16,929	376,018
Balance at 31 March 2017	11,000	3,492,271	114,321	369,684	3,987,276
Changes in equity					
Dividends	-	(281,600)	-	-	(281,600)
Total comprehensive income	-	362,021	-	10,269	372,290
Balance at 31 March 2018	11,000	3,572,692	114,321	379,953	4,077,966

Consolidated Cash Flow Statement
for the Year Ended 31 March 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	22	912,368	1,231,031
Tax paid		<u>(174,464)</u>	<u>(181,143)</u>
Net cash from operating activities		<u>737,904</u>	<u>1,049,888</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(141,918)	(126,838)
Sale of tangible fixed assets		42,784	81,750
Interest received		<u>11,132</u>	<u>7,635</u>
Net cash from investing activities		<u>(88,002)</u>	<u>(37,453)</u>
Cash flows from financing activities			
Amount introduced by directors		80,000	-
Amount withdrawn by directors		-	(80,000)
Equity dividends paid		<u>(281,600)</u>	<u>(281,600)</u>
Net cash from financing activities		<u>(201,600)</u>	<u>(361,600)</u>
Increase in cash and cash equivalents		<u>448,302</u>	<u>650,835</u>
Cash and cash equivalents at beginning of year	23	1,868,102	1,217,267
Cash and cash equivalents at end of year	23	<u>2,316,404</u>	<u>1,868,102</u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2018

1. STATUTORY INFORMATION

The Irongate Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Basis of consolidation

The consolidated accounts incorporate the accounts of The Irongate Group Limited and all of its subsidiary undertakings for the year. The acquisition method of accounting has been adopted.

Goodwill arising on consolidation has been capitalised and is being written off to the profit and loss account evenly over its useful economic life of 10 years.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Turnover

Turnover represents the net invoiced sales of goods, excluding value added tax and is recognised on date of despatch. Turnover is recognised when the group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the group will receive the agreed upon payment.

Goodwill

Goodwill arising on acquisition of a customer list is capitalised and amortised over a period of 5 years.

Tangible fixed assets

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

Depreciation is provided on all fixed assets to write off the cost less the estimated residual value in annual instalments over their estimated useful lives as follows:-

Technical equipment	- 33% on cost
Equipment	- 20% on cost and 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost and 25% on reducing balance

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

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

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost represents the invoiced cost of materials on a first in first out basis.

Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

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

Deferred tax

Deferred tax arises from timing differences between taxable total profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is recognised only when it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences and losses can be deducted.

Provision is made at current rates for taxation deferred in respect of all material timing differences.

Pension costs and other post-retirement benefits

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Fixed asset investments

Fixed asset investments are valued at cost less provisions for permanent diminution in valuations.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Share based payments

The group issues equity-settled, share based options to certain directors which are measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in the other reserves. The costs of associated national insurance contributions are borne by the directors.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of these payments are measured at the dates of the grant and are recognised over the period during which the directors become unconditionally entitled to the award. At the balance sheet date, the group revises its estimates of the number of options that are expected to vest and recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to the other reserves.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

2. ACCOUNTING POLICIES - continued

Judgements in applying accounting policies and key sources of estimation

In the application of the group's accounting policies the directors are required to make judgement estimates and assumptions about the carrying amounts of the group's assets and liabilities. These are based on historical experience and other factors that are considered relevant and are reviewed on a regular basis and recognised in the period in which the estimate is revised. Actual results may differ from these estimates.

The following are the critical judgements and where relevant the key sources of estimation uncertainty.

Tangible fixed assets are depreciated over their useful economic lives taking into account their 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 the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

Goodwill arising on consolidation is amortised evenly over its estimated useful economic life having regard to the customer and product profiles. The customer list is amortised over the period the group is expected to receive economic benefits based on historic and estimated customer retention profiles. This is assessed annually and reviewed for any indications of impairment.

The recoverability of debtors is assessed on the likelihood and circumstances of the particular cost.

The value of stock is assessed for impairment. In re-assessing the stock value, factors such as slow movement and obsolescence are taken in to account.

The value of the equity-settled, share based options and the number of options that are expected to vest are assessed annually as noted in the specific accounting policy.

3. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	3,287,600	3,261,156
Social security costs	345,416	349,587
Other pension costs	66,334	82,983
	<u>3,699,350</u>	<u>3,693,726</u>

The average number of employees during the year was as follows:

	2018	2017
Directors	4	5
Administration	67	71
Selling	31	30
	<u>102</u>	<u>106</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 73 (2017 - 76) .

	2018 £	2017 £
Directors' remuneration	509,331	556,208
Directors' pension contributions to money purchase schemes	<u>29,232</u>	<u>45,382</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

3. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	2018	2017
	£	£
Emoluments etc	231,047	248,842
Pension contributions to money purchase schemes	<u>22,032</u>	<u>22,032</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation - owned assets	181,751	225,166
Loss/(profit) on disposal of fixed assets	4,105	(5,276)
Goodwill amortisation	84,381	84,381
Auditors' remuneration	15,500	15,500
Auditors' remuneration for non audit work	23,757	11,270
Operating lease payments	266,110	211,414
Directors' share based payments charges	<u>10,269</u>	<u>44,307</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	134,000	174,000
Prior year adjustment	464	-
Total current tax	<u>134,464</u>	<u>174,000</u>
Deferred tax	<u>(13,795)</u>	<u>(6,370)</u>
Tax on profit	<u>120,669</u>	<u>167,630</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

5. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>577,772</u>	<u>669,012</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	109,777	133,802
Effects of:		
Expenses not deductible for tax purposes	797	11,559
Other permanent differences	<u>10,095</u>	<u>22,269</u>
Total tax charge	<u>120,669</u>	<u>167,630</u>

Tax effects relating to effects of other comprehensive income

	2018 Gross £	Tax £	Net £
Profit and loss account			
Other reserves	<u>12,323</u>	<u>(2,054)</u>	<u>10,269</u>
	<u>12,323</u>	<u>(2,054)</u>	<u>10,269</u>
	2017 Gross £	Tax £	Net £
Profit and loss account			
Other reserves	<u>53,168</u>	<u>(8,861)</u>	<u>44,307</u>
	<u>53,168</u>	<u>(8,861)</u>	<u>44,307</u>

6. INDIVIDUAL PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

7. DIVIDENDS

	2018 £	2017 £
Interim	<u>281,600</u>	<u>281,600</u>

8. INTANGIBLE FIXED ASSETS

Group

Goodwill
£

COST

At 1 April 2017
and 31 March 2018

904,760

AMORTISATION

At 1 April 2017
Amortisation for year
At 31 March 2018

382,428

84,381

466,809

NET BOOK VALUE

At 31 March 2018
At 31 March 2017

437,951

522,332

Company

Goodwill
£

COST

At 1 April 2017
and 31 March 2018

100,000

AMORTISATION

At 1 April 2017
Amortisation for year
At 31 March 2018

28,333

20,000

48,333

NET BOOK VALUE

At 31 March 2018
At 31 March 2017

51,667

71,667

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

9. TANGIBLE FIXED ASSETS

Group

	Technical equipment £	Equipment £	Fixtures and fittings £
COST			
At 1 April 2017	73,238	570,454	406,033
Additions	-	45,375	19,378
At 31 March 2018	<u>73,238</u>	<u>615,829</u>	<u>425,411</u>
DEPRECIATION			
At 1 April 2017	72,363	315,079	272,333
Charge for year	875	85,712	35,269
Eliminated on disposal	-	-	-
At 31 March 2018	<u>73,238</u>	<u>400,791</u>	<u>307,602</u>
NET BOOK VALUE			
At 31 March 2018	<u>-</u>	<u>215,038</u>	<u>117,809</u>
At 31 March 2017	<u>875</u>	<u>255,375</u>	<u>133,700</u>

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2017	449,094	242,379	1,741,198
Additions	59,696	17,469	141,918
Disposals	(141,023)	-	(141,023)
At 31 March 2018	<u>367,767</u>	<u>259,848</u>	<u>1,742,093</u>
DEPRECIATION			
At 1 April 2017	246,657	216,856	1,123,288
Charge for year	51,054	8,841	181,751
Eliminated on disposal	(94,134)	-	(94,134)
At 31 March 2018	<u>203,577</u>	<u>225,697</u>	<u>1,210,905</u>
NET BOOK VALUE			
At 31 March 2018	<u>164,190</u>	<u>34,151</u>	<u>531,188</u>
At 31 March 2017	<u>202,437</u>	<u>25,523</u>	<u>617,910</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018**

9. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2017	377,032	429,731	230,244	1,037,007
Additions	19,378	59,696	17,117	96,191
Disposals	-	(141,023)	-	(141,023)
At 31 March 2018	<u>396,410</u>	<u>348,404</u>	<u>247,361</u>	<u>992,175</u>
DEPRECIATION				
At 1 April 2017	251,707	264,077	211,459	727,243
Charge for year	33,041	41,859	6,868	81,768
Eliminated on disposal	-	(94,134)	-	(94,134)
At 31 March 2018	<u>284,748</u>	<u>211,802</u>	<u>218,327</u>	<u>714,877</u>
NET BOOK VALUE				
At 31 March 2018	<u>111,662</u>	<u>136,602</u>	<u>29,034</u>	<u>277,298</u>
At 31 March 2017	<u>125,325</u>	<u>165,654</u>	<u>18,785</u>	<u>309,764</u>

10. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 April 2017 and 31 March 2018	<u>2,010,472</u>
NET BOOK VALUE	
At 31 March 2018	<u>2,010,472</u>
At 31 March 2017	<u>2,010,472</u>

Investment in Subsidiary Undertakings

At the balance sheet date, the company had the following wholly owned subsidiaries. All are included in these consolidated financial statements:-

	Class of share	Nature of business
Derby Stationery Store Limited	Ordinary	Dormant
Irongate Retail Limited	Ordinary	Dormant
Ram Print Limited	Ordinary	Digital printing and copying services

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

11. STOCKS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Goods for resale	<u>592,533</u>	<u>425,477</u>	<u>576,460</u>	<u>405,694</u>

12. DEBTORS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,989,472	3,493,127	2,737,006	3,216,061
Directors' current accounts	-	80,000	-	80,000
Prepayments	<u>111,006</u>	<u>152,272</u>	<u>102,199</u>	<u>133,225</u>
	<u>3,100,478</u>	<u>3,725,399</u>	<u>2,839,205</u>	<u>3,429,286</u>
Amounts falling due after more than one year:				
Short term timing differences	<u>72,714</u>	<u>72,028</u>	<u>72,714</u>	<u>72,028</u>
Aggregate amounts	<u>3,173,192</u>	<u>3,797,427</u>	<u>2,911,919</u>	<u>3,501,314</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	2,431,062	2,531,252	2,420,000	2,522,850
Amounts owed to group undertakings	-	-	197	197
Tax	134,000	174,000	92,000	104,000
Social security and other taxes	289,784	357,274	232,337	260,450
Other creditors	226,653	369,176	111,010	226,189
Accrued expenses	<u>90,806</u>	<u>93,246</u>	<u>46,731</u>	<u>36,575</u>
	<u>3,172,305</u>	<u>3,524,948</u>	<u>2,902,275</u>	<u>3,150,261</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	274,388	229,707	259,645	219,307
Between one and five years	608,995	704,850	583,426	685,784
In more than five years	-	55,000	-	55,000
	<u>883,383</u>	<u>989,557</u>	<u>843,071</u>	<u>960,091</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

15. PROVISIONS FOR LIABILITIES

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Deferred tax				
Accelerated capital allowances	<u>37,549</u>	<u>50,658</u>	<u>16,603</u>	<u>23,589</u>
Group				
				Deferred tax £
Balance at 1 April 2017				50,658
Utilised during year				(13,109)
Balance at 31 March 2018				<u>37,549</u>
Company				
				Deferred tax £
Balance at 1 April 2017				23,589
Utilised during year				(6,986)
Balance at 31 March 2018				<u>16,603</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018 £	2017 £
11,000	Ordinary	£1	<u>11,000</u>	<u>11,000</u>

17. RESERVES

Group				
	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 April 2017	3,160,637	114,321	369,684	3,644,642
Profit for the year	457,103			457,103
Dividends	(281,600)			(281,600)
Share options vesting	-	-	10,269	10,269
At 31 March 2018	<u>3,336,140</u>	<u>114,321</u>	<u>379,953</u>	<u>3,830,414</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

17. RESERVES - continued

Company

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 April 2017	3,492,271	114,321	369,684	3,976,276
Profit for the year	362,021			362,021
Dividends	(281,600)			(281,600)
Share options vesting	-	-	10,269	10,269
At 31 March 2018	<u>3,572,692</u>	<u>114,321</u>	<u>379,953</u>	<u>4,066,966</u>

18. OTHER FINANCIAL COMMITMENTS

The group has a contingent liability in respect of a composite guarantee given to The Royal Bank of Scotland to secure borrowings within The Irongate Group. At the balance sheet date the net amount of the group liability was £Nil (2017 - £Nil).

19. RELATED PARTY DISCLOSURES

The directors maintain current accounts with the group. At the balance sheet date the amount owed by the directors is shown in the debtors note. The balances are interest free and repayable upon demand.

During the year interim dividends of £281,600 (2017 - £281,600) were paid to the directors who are all also shareholders.

The group was charged rent by a pension scheme (in which two of the directors were beneficiaries) of £110,000 (2017 - £110,000).

20. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is I H Thomson.

21. SHARE-BASED PAYMENT TRANSACTIONS

During 2010, the parent company granted 2,885 share options to two directors, at an exercise price of £63. During 2013 a further 1,210 were granted on similar terms at an exercise price of £63 to the two existing directors and one newly appointed director.

During 2015 one director exercised options on 312 shares with a fair value of £193.50 per share at the option price. During 2014 the three directors exercised their options on 768 shares with a fair value of £180 per share at the option price.

On 1 April 2016, one director exercised options on 234 shares with a fair value of £180 per share at the option price.

On 31 March 2017 499 shares lapsed on the departure of one director.

Options not taken up at the balance sheet date total 2,282 (2017: 2,282) shares. Options lapse upon a director's departure.

At the balance sheet date an accrual has been made at their fair value for options likely to be exercised.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2018

22. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2018	2017
	£	£
Profit before taxation	577,772	669,012
Depreciation charges	266,133	309,547
Loss/(profit) on disposal of fixed assets	4,105	(5,276)
Share options movement	10,269	44,307
Finance income	(11,132)	(7,635)
	<u>847,147</u>	<u>1,009,955</u>
(Increase)/decrease in stocks	(167,056)	63,830
Decrease/(increase) in trade and other debtors	544,920	(379,470)
(Decrease)/increase in trade and other creditors	(312,643)	536,716
Cash generated from operations	<u><u>912,368</u></u>	<u><u>1,231,031</u></u>

23. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	<u>2,316,404</u>	<u>1,868,102</u>

Year ended 31 March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	<u>1,868,102</u>	<u>1,217,267</u>

24. **EMPLOYEE BENEFITS**

Included in the notes to the financial statements are payments to the defined contribution pension scheme.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.