

Company Registration No. 3123861 (England and Wales)

**ESSENTIAL SUPPLY PRODUCTS LTD**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2008**

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# ESSENTIAL SUPPLY PRODUCTS LTD

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# **ESSENTIAL SUPPLY PRODUCTS LTD**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 OCTOBER 2008***

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The directors present their report and financial statements for the year ended 31 October 2008.

### **Principal activities and review of the business**

The principal activity of the company was the manufacture and supply of paper disposable products and associated dispensers.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the strong competition within the away from home paper disposable market. Risks are reviewed by the directors' and appropriate processes are put in place to monitor and mitigate them.

### **Results and dividends**

The results for the year are set out on page 4.

An interim dividend of £9 per share has been paid.

### **Research and development**

The company launched several new products in the financial year with plans in place to increase the number of different stock items sold to customers in the future.

### **Directors**

The following directors have held office since 1 November 2007:

C J Theakston  
S Briggs  
A Waterman  
S Foster

# ESSENTIAL SUPPLY PRODUCTS LTD

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 OCTOBER 2008**

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### **Auditors**

The directors recommend that CK Audit be reappointed as auditors of the company.

### **Directors' responsibilities**

The directors are responsible for preparing 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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board



A Waterman

**Director**

11 February 2009

# ESSENTIAL SUPPLY PRODUCTS LTD

## INDEPENDENT AUDITORS' REPORT TO ESSENTIAL SUPPLY PRODUCTS LTD UNDER SECTION 247B OF THE COMPANIES ACT 1985

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We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of Essential Supply Products Ltd for the year ended 31 October 2008 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

### **Basis of opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



CK Audit

11 February 2009

Chartered Accountants  
Registered Auditor

No 4 Castle Court 2  
Castlegate Way  
Dudley  
West Midlands  
DY1 4RH

# ESSENTIAL SUPPLY PRODUCTS LTD

## ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2008

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		2008	2007
	Notes	£	£
Gross profit		2,196,391	1,655,981
Distribution costs		(342,255)	(285,738)
Administrative expenses		(1,389,286)	(1,127,561)
Operating profit	2	464,850	242,682
Interest payable and similar charges	3	(45,393)	(26,178)
Profit on ordinary activities before taxation		419,457	216,504
Tax on profit on ordinary activities	4	(119,383)	(47,705)
Profit for the year	14	300,074	168,799

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# ESSENTIAL SUPPLY PRODUCTS LTD

## ABBREVIATED BALANCE SHEET

AS AT 31 OCTOBER 2008

	Notes	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Tangible assets	6		978,048		551,168
<b>Current assets</b>					
Stocks	7	1,106,842		751,764	
Debtors	8	3,456,304		2,750,096	
		<u>4,563,146</u>		<u>3,501,860</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(4,866,678)</u>		<u>(3,599,693)</u>	
<b>Net current liabilities</b>			<u>(303,532)</u>		<u>(97,833)</u>
<b>Total assets less current liabilities</b>			674,516		453,335
<b>Creditors: amounts falling due after more than one year</b>	10		(173,740)		(238,219)
<b>Provisions for liabilities</b>	11		<u>(53,201)</u>		<u>(22,615)</u>
			<u>447,575</u>		<u>192,501</u>
<b>Capital and reserves</b>					
Called up share capital	13		5,000		5,000
Other reserves	14		5,000		5,000
Profit and loss account	14		<u>437,575</u>		<u>182,501</u>
<b>Shareholders' funds</b>	15		<u>447,575</u>		<u>192,501</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the Board and authorised for issue on 11 February 2009

C J Theakston  
Director



# ESSENTIAL SUPPLY PRODUCTS LTD

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2008

	£	2008 £	£	2007 £
<b>Net cash inflow from operating activities</b>		562,176		315,111
<b>Returns on investments and servicing of finance</b>				
Interest paid	(45,393)		(26,178)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(45,393)		(26,178)
<b>Taxation</b>		(50,862)		(104,233)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(548,019)		(144,542)	
<b>Net cash outflow for capital expenditure</b>		(548,019)		(144,542)
<b>Equity dividends paid</b>		(45,000)		-
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(127,098)		40,158
<b>Financing</b>				
Purchase of own shares	-		(1,107,500)	
Other new long term loans	-		357,500	
Repayment of other long term loans	(50,035)		-	
Capital element of hire purchase contracts	(5,982)		(22,424)	
<b>Net cash outflow from financing</b>		(56,017)		(772,424)
<b>Decrease in cash in the year</b>		(183,115)		(732,266)



# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2008

1	Reconciliation of operating profit to net cash inflow from operating activities	2008	2007
		£	£
	Operating profit	464,850	242,682
	Depreciation of tangible assets	121,139	96,130
	Increase in stocks	(355,078)	(206,599)
	Increase in debtors	(706,208)	(374,428)
	Increase in creditors within one year	1,037,473	557,326
	<b>Net cash inflow from operating activities</b>	<b>562,176</b>	<b>315,111</b>

  

2	Analysis of net debt	1 November 2007	Cash flow	Other non-cash changes	31 October 2008
		£	£	£	£
	Net cash:				
	Bank overdrafts	(771,585)	(183,115)	-	(954,700)
	Bank deposits	-	-	-	-
	Debt:				
	Finance leases	(7,832)	5,982	-	(1,850)
	Debts falling due after one year	(235,900)	62,160	-	(173,740)
		(243,732)	68,142	-	(175,590)
	<b>Net debt</b>	<b>(1,015,317)</b>	<b>(114,973)</b>	<b>-</b>	<b>(1,130,290)</b>

  

3	Reconciliation of net cash flow to movement in net debt	2008	2007
		£	£
	Decrease in cash in the year	(183,115)	(732,266)
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	68,142	(201,551)
	Change in net debt resulting from cash flows	(114,973)	(933,817)
	New finance lease	-	(11,925)
	<b>Movement in net debt in the year</b>	<b>(114,973)</b>	<b>(945,742)</b>
	Opening net debt	(1,015,317)	(69,575)
	<b>Closing net debt</b>	<b>(1,130,290)</b>	<b>(1,015,317)</b>

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2008

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Depreciation will be provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	8 years
Plant and machinery	10% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

The economic useful life of additions to leasehold premises has been reassessed. The residual value is being amortised over the remaining period.

#### 1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2008

<b>2</b>	<b>Operating profit</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	121,139	96,130
	Loss on foreign exchange transactions	-	707
	Operating lease rentals	409,833	249,496
	Auditors' remuneration (including expenses and benefits in kind)	5,000	5,000
	and after crediting:		
	Profit on foreign exchange transactions	(12,545)	-
		<u>          </u>	<u>          </u>
 <b>3</b>	 <b>Interest payable</b>	 <b>2008</b>	 <b>2007</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	42,249	23,165
	Hire purchase interest	3,144	2,994
	On overdue tax	-	19
		<u>          </u>	<u>          </u>
		<u>45,393</u>	<u>26,178</u>

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2008

<b>4</b>	<b>Taxation</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	88,797	50,862
	<b>Current tax charge</b>	88,797	50,862
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	30,586	(3,157)
		119,383	47,705
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	419,457	216,504
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2007 - 19.59%)	117,448	42,413
	Effects of:		
	Non deductible expenses	12,026	9,757
	Depreciation add back	31,718	18,832
	Capital allowances	(54,255)	(16,021)
	Other tax adjustments	(18,140)	(4,119)
		(28,651)	8,449
	<b>Current tax charge</b>	88,797	50,862
<b>5</b>	<b>Dividends</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Ordinary interim paid	45,000	-

The directors propose payment of a final dividend of £4.00 per share.

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2008

### 6 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 November 2007	70,677	576,561	223,733	15,113	886,084
Additions	-	498,075	41,194	8,750	548,019
At 31 October 2008	70,677	1,074,636	264,927	23,863	1,434,103
<b>Depreciation</b>					
At 1 November 2007	28,270	243,763	47,771	15,112	334,916
Charge for the year	5,300	67,524	47,829	486	121,139
At 31 October 2008	33,570	311,287	95,600	15,598	456,055
<b>Net book value</b>					
At 31 October 2008	37,107	763,349	169,327	8,265	978,048
At 31 October 2007	42,407	332,798	175,962	1	551,168

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £
<b>Net book values</b>	
At 31 October 2008	61,533
At 31 October 2007	67,077
<b>Depreciation charge for the year</b>	
At 31 October 2008	5,545
At 31 October 2007	5,545

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2008

<b>7</b>	<b>Stocks</b>	<b>2008</b> £	<b>2007</b> £
	Raw materials and consumables	403,379	162,249
	Finished goods and goods for resale	703,463	589,515
		<u>1,106,842</u>	<u>751,764</u>
<b>8</b>	<b>Debtors</b>	<b>2008</b> £	<b>2007</b> £
	Trade debtors	3,215,573	2,574,257
	Other debtors	168,023	102,259
	Prepayments and accrued income	72,708	73,580
		<u>3,456,304</u>	<u>2,750,096</u>
<b>9</b>	<b>Creditors: amounts falling due within one year</b>	<b>2008</b> £	<b>2007</b> £
	Bank loans and overdrafts	954,700	771,585
	Net obligations under hire purchase contracts	1,850	5,513
	Trade creditors	3,315,367	2,294,496
	Corporation tax	88,797	50,862
	Other taxes and social security costs	257,158	236,429
	Other creditors	199,923	179,444
	Accruals and deferred income	48,883	61,364
		<u>4,866,678</u>	<u>3,599,693</u>
	Debt due in one year or less	<u>133,725</u>	<u>121,600</u>

The bank overdraft is secured by a fixed and floating charge over all of the company's assets.

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2008

10 Creditors: amounts falling due after more than one year	2008 £	2007 £
Purchase of own shares - loan notes	173,740	235,900
Net obligations under hire purchase contracts	-	2,319
	<u>173,740</u>	<u>238,219</u>
<b>Redemption of loan notes</b>		
Wholly repayable within five years	307,465	235,900
Included in current liabilities	(133,725)	-
	<u>173,740</u>	<u>235,900</u>
<b>Loan note maturity analysis</b>		
In more than one year but not more than two years	56,220	62,160
In more than two years but not more than five years	117,520	173,740
	<u></u>	<u></u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	1,850	5,513
Repayable between one and five years	-	2,319
	<u>1,850</u>	<u>7,832</u>
Included in liabilities falling due within one year	(1,850)	(5,513)
	<u>-</u>	<u>2,319</u>

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2008

### 11 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 November 2007	22,615
Profit and loss account	30,586
	<u>53,201</u>
Balance at 31 October 2008	<u>53,201</u>

The deferred tax liability is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	<u>53,201</u>	<u>22,615</u>

### 12 Pension and other post-retirement benefit commitments

#### Defined contribution

	2008 £	2007 £
Contributions payable by the company for the year	<u>-</u>	<u>468</u>

### 13 Share capital

	2008 £	2007 £
<b>Authorised</b>		
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
<b>Allotted, called up and fully paid</b>		
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>



# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2008

### 14 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 November 2007	5,000	182,501
Profit for the year	-	300,074
Dividends paid	-	(45,000)
Balance at 31 October 2008	<u>5,000</u>	<u>437,575</u>
<b>Other reserves</b>		
<b>Capital redemption reserve</b>		
Balance at 1 November 2007 & at 31 October 2008	<u>5,000</u>	

### 15 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	300,074	168,799
Dividends	(45,000)	-
	<u>255,074</u>	<u>168,799</u>
Purchase of own shares	-	(1,107,500)
Net addition to/(depletion in) shareholders' funds	<u>255,074</u>	<u>(938,701)</u>
Opening shareholders' funds	192,501	1,131,202
Closing shareholders' funds	<u>447,575</u>	<u>192,501</u>

### 16 Financial commitments

At 31 October 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2009:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	15,563	2,518
Between two and five years	288,765	249,500	36,945	42,712
	<u>288,765</u>	<u>249,500</u>	<u>52,508</u>	<u>45,230</u>

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2008

17 Directors' emoluments	2008 £	2007 £
Emoluments for qualifying services	338,383	332,803
Company pension contributions to money purchase schemes	-	468
	<u>338,383</u>	<u>333,271</u>

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

Emoluments for qualifying services	142,862	127,082
Company pension contributions to money purchase schemes	<u>468</u>	<u>936</u>

## 18 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding 2008 £	2007 £	Maximum in year £
C J Theakston	<u>30,128</u>	<u>7,083</u>	<u>30,128</u>

C J Theakston owns property occupied by the company. The company was charged £282,070 for rent of the premises. Trade creditors includes £84,825 due to CJ Theakston for unpaid rent. Prepayments and accrued income includes an amount of £62,375 rent prepayment.

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2008

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### 19 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2008 Number	2007 Number
Administration Staff	13	9
Distribution Staff	7	8
Production Staff	25	26
Sales Staff	5	6
	<u>50</u>	<u>49</u>

#### Employment costs

	2008 £	2007 £
Wages and salaries	1,107,701	976,602
Social security costs	125,102	111,981
Other pension costs	-	468
	<u>1,232,803</u>	<u>1,089,051</u>