

Company Registration No 03123861 (England and Wales)

ESSENTIAL SUPPLY PRODUCTS LTD
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2011

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ESSENTIAL SUPPLY PRODUCTS LTD

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ESSENTIAL SUPPLY PRODUCTS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2011

The directors present their report and financial statements for the year ended 31 October 2011

Principal activities and review of the business

The principal activity of the Company is the manufacture and supply of disposable paper tissue products

The company has continued to raise its profile in the Away From Home disposable paper market, focusing on growth with its existing quality independent distribution network and consistently attracting new customers. The management team remains stable with no additions or departures.

Management of the business and execution of Company strategy are subject to a number of risks. The principle risks and uncertainties relate to continuing strong competition in the Away From Home paper disposables market. The Directors constantly monitor these risks and appropriate strategies and processes are implemented to mitigate them.

The performance and financial position at the end of the year were considered satisfactory and the Directors are optimistic about the growth opportunities available in the market and the Company's ability to capitalise on them.

Results and dividends

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

An interim dividend of £20.40 per share has been paid.

Directors

The following directors have held office since 1 November 2010:

C J Theakston

M Kent

S Briggs

A Waterman

(Appointed 1 April 2011)

ESSENTIAL SUPPLY PRODUCTS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

Auditors

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

Directors' responsibilities

The directors are responsible for preparing the Directors' 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Statement of disclosure to 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

28 May 2012

ESSENTIAL SUPPLY PRODUCTS LTD

INDEPENDENT AUDITORS' REPORT TO ESSENTIAL SUPPLY PRODUCTS LTD

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 4 to 18, together with the financial statements of Essential Supply Products Ltd for the year ended 31 October 2011 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, 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 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 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 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.


Wendy Davies (Senior Statutory Auditor)
for and on behalf of CK Audit

28 May 2012

**Chartered Accountants
Statutory 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 2011

	Notes	2011 £	2010 £
Turnover		15,081,681	15,930,358
Other operating income less cost of sales		(12,540,933)	(13,106,778)
Distribution costs		(458,999)	(453,086)
Administrative expenses		(1,471,035)	(1,499,591)
Operating profit	2	610,714	870,903
Other interest receivable and similar income		-	112
Interest payable and similar charges	4	(68,180)	(66,658)
Profit on ordinary activities before taxation		542,534	804,357
Tax on profit on ordinary activities	5	(142,550)	(282,497)
Profit on ordinary activities after taxation		399,984	521,860
Extraordinary items	6	-	(84,892)
Profit for the year		399,984	436,968

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 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Intangible assets	8		7,408		-
Tangible assets	9		1,531,752		1,669,191
			<u>1,539,160</u>		<u>1,669,191</u>
Current assets					
Stocks	10	1,105,121		1,236,714	
Debtors	11	3,144,318		3,434,009	
Cash at bank and in hand		936		438	
			<u>4,250,375</u>		<u>4,671,161</u>
Creditors: amounts falling due within one year	12	(3,500,172)		(4,143,604)	
Net current assets			<u>750,203</u>		<u>527,557</u>
Total assets less current liabilities			2,289,363		2,196,748
Creditors: amounts falling due after more than one year	13		(758,181)		(964,163)
Provisions for liabilities	14		(145,072)		(144,459)
			<u>1,386,110</u>		<u>1,088,126</u>
Capital and reserves					
Called up share capital	15		5,000		5,000
Other reserves	16		5,000		5,000
Profit and loss account	16		1,376,110		1,078,126
Shareholders' funds	17		<u>1,386,110</u>		<u>1,088,126</u>

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

Approved by the Board and authorised for issue on 28 May 2012



A Waterman
Director

Company Registration No 03123861

ESSENTIAL SUPPLY PRODUCTS LTD

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2011

	£	2011 £	£	2010 £
Net cash inflow from operating activities		513,347		626,208
Returns on investments and servicing of finance				
Interest received	-		112	
Interest paid	(68,180)		(66,658)	
Net cash outflow for returns on investments and servicing of finance		(68,180)		(66,546)
Taxation		(241,479)		(100,605)
Capital expenditure and financial investment				
Payments to acquire intangible assets	(9,520)		-	
Payments to acquire tangible assets	(115,025)		(151,033)	
Payments to acquire investments	92,842		175,088	
Net cash (outflow)/inflow for capital expenditure		(31,703)		24,055
Acquisitions and disposals				
Sale of subsidiary undertakings (net of cash acquired)	-		(84,892)	
Net cash outflow for acquisitions and disposals		-		(84,892)
Equity dividends paid		(102,000)		(100,000)
Net cash inflow before management of liquid resources and financing		69,985		298,220
Financing				
Other new long term loans	-		4,339	
Other new short term loans	1,397		-	
Repayment of other long term loans	(55,625)		(50,000)	
Assets refinanced	-		(14,151)	
Capital element of hire purchase contracts	(225,339)		(184,444)	
Net cash outflow from financing		(279,567)		(244,256)
(Decrease)/increase in cash in the year		(209,582)		53,964

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2011

1	Reconciliation of operating profit to net cash inflow from operating activities	2011		2010	
		£		£	
	Operating profit	610,714		870,903	
	Depreciation of tangible assets	252,466		238,343	
	Amortisation of intangible assets	2,112		-	
	Loss on disposal of tangible assets	-		10,205	
	Decrease in stocks	131,593		9,084	
	Decrease in debtors	289,691		131,617	
	Decrease in creditors within one year	(773,229)		(633,944)	
	Net cash inflow from operating activities	513,347		626,208	
2	Analysis of net debt	1 November 2010	Cash flow	Other non-cash changes	31 October 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	438	498	-	936
	Bank overdrafts	(695,969)	(210,080)	-	(906,049)
		(695,531)	(209,582)	-	(905,113)
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(1,106,166)	225,336	(92,842)	(973,672)
	Debts falling due within one year	(54,229)	(1,396)	-	(55,625)
	Debts falling due after one year	(71,393)	55,625	-	(15,768)
		(1,231,788)	279,565	(92,842)	(1,045,065)
	Net debt	(1,927,319)	69,983	(92,842)	(1,950,178)

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

3 Reconciliation of net cash flow to movement in net debt	2011	2010
	£	£
(Decrease)/increase in cash in the year	(209,582)	53,964
Cash outflow from decrease in debt and lease financing	279,565	244,256
	<hr/>	<hr/>
Change in net debt resulting from cash flows	69,983	298,220
New finance lease	(92,842)	(245,827)
	<hr/>	<hr/>
Movement in net debt in the year	(22,859)	52,393
Opening net debt	(1,927,319)	(1,979,712)
	<hr/>	<hr/>
Closing net debt	(1,950,178)	(1,927,319)
	<hr/>	<hr/>

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2011

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 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

1.4 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	3 - 8 years
Plant and machinery	10% straight line
Fixtures, fittings & equipment	10% straight line
Motor vehicles	25% straight line

1.5 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.

1.6 Stock

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

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 2011

2	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging		
	Amortisation of intangible assets	2,112	-
	Depreciation of tangible assets	252,466	238,343
	Loss on disposal of tangible assets	-	10,205
	Operating lease rentals		
	- Plant and machinery	32,944	38,947
	- Other assets	387,081	415,125
	Auditors' remuneration (including expenses and benefits in kind)	5,500	5,000
	and after crediting		
	Profit on foreign exchange transactions	(74,569)	(141,296)
		<u> </u>	<u> </u>
3	Investment income	2011	2010
		£	£
	Other interest	-	112
		<u> </u>	<u> </u>
4	Interest payable	2011	2010
		£	£
	On bank loans and overdrafts	23,233	34,039
	Hire purchase interest	40,606	32,619
	On overdue tax	4,341	-
		<u> </u>	<u> </u>
		<u>68,180</u>	<u>66,658</u>

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

5	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	141,550	220,635
	Adjustment for prior years	387	36,402
	Total current tax	<u>141,937</u>	<u>257,037</u>
	Deferred tax		
	Deferred tax charge/credit current year	613	21,414
	Deferred tax adjust re previous year	-	4,046
		<u>613</u>	<u>25,460</u>
		<u>142,550</u>	<u>282,497</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>542,534</u>	<u>804,357</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.20% (2010 - 28.00%)	<u>142,144</u>	<u>225,220</u>
	Effects of		
	Non deductible expenses	7,992	12,593
	Depreciation add back	66,146	69,593
	Capital allowances	(74,732)	(86,771)
	Adjustments to previous periods	387	36,402
		<u>(207)</u>	<u>31,817</u>
	Current tax charge for the year	<u>141,937</u>	<u>257,037</u>
6	Extraordinary items	2011 £	2010 £
	Rowtec Co UK Loan Write Off	-	84,892
7	Dividends	2011 £	2010 £
	Ordinary interim paid	<u>102,000</u>	<u>100,000</u>

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 November 2010	-
Additions	9,520
	<hr/>
At 31 October 2011	9,520
	<hr/>
Amortisation	
At 1 November 2010	-
Charge for the year	2,112
	<hr/>
At 31 October 2011	2,112
	<hr/>
Net book value	
At 31 October 2011	7,408
	<hr/> <hr/>
At 31 October 2010	-
	<hr/> <hr/>

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

9 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 November 2010	70,677	1,720,019	237,026	173,257	2,200,979
Additions	7,816	2,597	47,099	57,513	115,025
At 31 October 2011	78,493	1,722,616	284,125	230,770	2,316,004
Depreciation					
At 1 November 2010	44,173	331,591	105,766	50,256	531,786
Charge for the year	9,269	177,157	22,880	43,160	252,466
At 31 October 2011	53,442	508,748	128,646	93,416	784,252
Net book value					
At 31 October 2011	25,051	1,213,868	155,479	137,354	1,531,752
At 31 October 2010	26,504	1,388,427	131,259	123,001	1,669,191

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

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 October 2011	1,171,234	79,826	1,251,060
At 31 October 2010	1,288,477	96,048	1,384,525
Depreciation charge for the year			
At 31 October 2011	157,424	38,253	195,677
At 31 October 2010	106,136	29,041	135,177

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

10 Stocks	2011	2010
	£	£
Raw materials and consumables	419,062	347,875
Finished goods and goods for resale	686,059	888,839
	<u>1,105,121</u>	<u>1,236,714</u>
11 Debtors	2011	2010
	£	£
Trade debtors	3,046,419	3,315,353
Other debtors	2	13,002
Prepayments and accrued income	97,897	105,654
	<u>3,144,318</u>	<u>3,434,009</u>
12 Creditors amounts falling due within one year	2011	2010
	£	£
Bank loans and overdrafts	906,049	695,969
Net obligations under hire purchase contracts	231,259	213,396
Trade creditors	1,622,830	2,357,723
Corporation tax	141,550	241,092
Other taxes and social security costs	397,174	320,943
Other creditors	127,115	128,619
Accruals and deferred income	74,195	185,862
	<u>3,500,172</u>	<u>4,143,604</u>
Debt due in one year or less	<u>55,625</u>	<u>54,229</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 2011

13 Creditors amounts falling due after more than one year	2011 £	2010 £
Purchase of own shares - loan notes	15,768	71,393
Net obligations under hire purchase contracts	742,413	892,770
	<u>758,181</u>	<u>964,163</u>
Redemption of loan notes		
Wholly repayable within five years	71,393	125,622
	<u>71,393</u>	<u>125,622</u>
Included in current liabilities	55,625	(54,229)
	<u>15,768</u>	<u>71,393</u>
Loan note maturity analysis		
In more than one year but not more than two years	5,565	55,565
In more than two years but not more than five years	10,238	15,828
	<u>15,803</u>	<u>71,393</u>
Net obligations under hire purchase contracts		
Repayable within one year	231,259	213,396
Repayable between one and five years	581,217	566,182
Repayable after five years	161,197	326,588
	<u>973,673</u>	<u>1,106,166</u>
Included in liabilities falling due within one year	(231,259)	(213,396)
	<u>742,414</u>	<u>892,770</u>

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

14 Provisions for liabilities

	Deferred tax liability £
Balance at 1 November 2010	144,459
Profit and loss account	613
	<hr/>
Balance at 31 October 2011	145,072
	<hr/>

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	145,072	144,459
	<hr/>	<hr/>

15 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>

16 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 November 2010	5,000	1,078,126
Profit for the year	-	399,984
Dividends paid	-	(102,000)
	<hr/>	<hr/>
Balance at 31 October 2011	5,000	1,376,110
	<hr/>	<hr/>
Other reserves		
Capital redemption reserve		
Balance at 1 November 2010 & at 31 October 2011	5,000	
	<hr/>	

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

17 Reconciliation of movements in shareholders' funds	2011 £	2010 £
Profit for the financial year	399,984	436,968
Dividends	(102,000)	(100,000)
Net addition to shareholders' funds	297,984	336,968
Opening shareholders' funds	1,088,126	751,158
Closing shareholders' funds	1,386,110	1,088,126

18 Financial commitments

At 31 October 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2012

	Land and buildings		Other	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire				
Within one year	-	-	-	3,769
Between two and five years	413,765	288,765	30,365	20,539
	413,765	288,765	30,365	24,308

19 Directors' remuneration	2011 £	2010 £
Remuneration for qualifying services	344,283	316,820
Remuneration disclosed above include the following amounts paid to the highest paid director		
Remuneration for qualifying services	132,284	136,387

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

20 Employees

Number of employees

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

	2011 Number	2010 Number
Administration Staff	14	11
Distribution Staff	8	8
Production Staff	29	26
Sales Staff	4	4
	<u>55</u>	<u>49</u>

Employment costs

	2011 £	2010 £
Wages and salaries	1,242,381	1,174,758
Social security costs	135,959	136,733
	<u>1,378,340</u>	<u>1,311,491</u>

21 Ultimate parent company

The ultimate controlling party is C J Theakston

22 Related party relationships and transactions

Rent of £290,355 (2010 £288,765) was paid to C J Theakston. Included in prepayments is £62,375 (2010 £62,375) relating to prepaid rent. Last year other debtors included £13,000 due from Mr C Theakston the brother of C J Theakston, this amount was repaid in the year.

A dividend of £102,000 (2010 £100,000) was paid to C J Theakston during the year.