

Company Registration No 3123861 (England and Wales)

ESSENTIAL SUPPLY PRODUCTS LTD
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2009

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ESSENTIAL SUPPLY PRODUCTS LTD

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ESSENTIAL SUPPLY PRODUCTS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2009

The directors present their report and financial statements for the year ended 31 October 2009

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 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. 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.

In the opinion of the directors the financial position of the company at the balance sheet date is satisfactory.

Results and dividends

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

An interim dividend of £20 per share has been paid.

Directors

The following directors have held office since 1 November 2008:

C J Theakston

S Briggs

A Waterman

S Foster

(Resigned 30 June 2009)

ESSENTIAL SUPPLY PRODUCTS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2009

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

1 April 2010

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 16, together with the financial statements of Essential Supply Products Ltd for the year ended 31 October 2009 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 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 them in an auditors' 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 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.



Albert Podesta (Senior Statutory Auditor)
for and on behalf of CK Audit

1 April 2010

**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 2009

	Notes	2009 £	2008 £
Turnover		16,188,196	13,908,911
Cost of sales		(13,842,409)	(11,712,520)
Gross profit		2,345,787	2,196,391
Distribution costs		(391,840)	(342,255)
Administrative expenses		(1,346,997)	(1,389,286)
Operating profit	2	606,950	464,850
Interest payable and similar charges	3	(51,498)	(45,393)
Profit on ordinary activities before taxation		555,452	419,457
Tax on profit on ordinary activities	4	(151,869)	(119,383)
Profit for the year	13	403,583	300,074

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 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	6		1,695,967		978,048
Current assets					
Stocks	7	1,245,798		1,106,842	
Debtors	8	3,565,626		3,456,304	
Cash at bank and in hand		1,990		-	
		<u>4,813,414</u>		<u>4,563,146</u>	
Creditors, amounts falling due within one year	9	<u>(4,642,184)</u>		<u>(4,866,678)</u>	
Net current assets/(liabilities)			<u>171,230</u>		<u>(303,532)</u>
Total assets less current liabilities			<u>1,867,197</u>		<u>674,516</u>
Creditors' amounts falling due after more than one year	10		(997,040)		(173,740)
Provisions for liabilities	11		(118,999)		(53,201)
			<u>751,158</u>		<u>447,575</u>
Capital and reserves					
Called up share capital	12		5,000		5,000
Other reserves	13		5,000		5,000
Profit and loss account	13		741,158		437,575
Shareholders' funds	14		<u>751,158</u>		<u>447,575</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 1 April 2010

C J Theakston
Director



Company Registration No. 3123861

ESSENTIAL SUPPLY PRODUCTS LTD

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2009

	£	2009 £	£	2008 £
Net cash inflow from operating activities		323,039		562,176
Returns on investments and servicing of finance				
Interest paid	(51,498)		(45,393)	
Net cash outflow for returns on investments and servicing of finance		(51,498)		(45,393)
Taxation		(90,208)		(50,862)
Capital expenditure				
Payments to acquire tangible assets	(408,192)		(548,019)	
Receipts from sales of tangible assets	284,779		-	
Net cash outflow for capital expenditure		(123,413)		(548,019)
Equity dividends paid		(100,000)		(45,000)
Net cash outflow before management of liquid resources and financing		(42,080)		(127,098)
Financing				
Repayment of other long term loans	(122,031)		(50,035)	
Assets refinanced	417,120		-	
Capital element of hire purchase contracts	(47,804)		(5,982)	
Net cash outflow from financing		247,285		(56,017)
Decrease in cash in the year		205,205		(183,115)

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2009

1 Reconciliation of operating profit to net cash inflow from operating activities		2009	2008
		£	£
Operating profit		606,950	464,850
Depreciation of tangible assets		183,002	121,139
Profit on disposal of tangible assets		(103,891)	-
Increase in stocks		(138,956)	(355,078)
Increase in debtors		(109,322)	(706,208)
(Decrease)/Increase in creditors within one year		(114,744)	1,037,473
Net cash inflow from operating activities		323,039	562,176

2 Analysis of net debt	1 November 2008	Cash flow	Other non-cash changes	31 October 2009
	£	£	£	£
Net cash				
Cash at bank and in hand	-	1,990	-	1,990
Bank overdrafts	(954,700)	203,215	-	(751,485)
	(954,700)	205,205	-	(749,495)
Bank deposits	-	-	-	-
Debt				
Finance leases	(1,850)	47,804	(1,090,737)	(1,044,783)
Debts falling due after one year	(173,740)	56,686	-	(117,054)
	(175,590)	104,490	(1,090,737)	(1,161,837)
Net debt	(1,130,290)	309,695	(1,090,737)	(1,911,332)

3 Reconciliation of net cash flow to movement in net debt	2009	2008
	£	£
Increase/(decrease) in cash in the year	205,205	(183,115)
Cash outflow from decrease in debt and lease financing	104,490	68,142
Change in net debt resulting from cash flows	309,695	(114,973)
New finance lease	(1,090,737)	-
Movement in net debt in the year	(781,042)	(114,973)
Opening net debt	(1,130,290)	(1,015,317)
Closing net debt	(1,911,332)	(1,130,290)

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2009

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	10% 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.

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.

1.6 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.

1.7 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 2009

2	Operating profit	2009	2008
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	183,002	121,139
	Operating lease rentals		
	- Plant and machinery	57,614	66,821
	- Other assets	417,058	409,833
	Auditors' remuneration (including expenses and benefits in kind)	5,000	5,000
	and after crediting		
	Profit on disposal of tangible assets	(103,891)	-
	Profit on foreign exchange transactions	(104,404)	(12,545)
		<u> </u>	<u> </u>
3	Interest payable	2009	2008
		£	£
	On bank loans and overdrafts	42,912	42,249
	Hire purchase interest	8,586	3,144
		<u> </u>	<u> </u>
		51,498	45,393
		<u> </u>	<u> </u>

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2009

4	Taxation	2009 £	2008 £
	Domestic current year tax		
	U K corporation tax	87,482	88,797
	Adjustment for prior years	(1,411)	-
	Current tax charge	86,071	88,797
	Deferred tax		
	Deferred tax charge/credit current year	65,798	30,586
		<u>151,869</u>	<u>119,383</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>555,452</u>	<u>419,457</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	<u>155,527</u>	<u>117,448</u>
	Effects of		
	Non deductible expenses	16,818	12,026
	Depreciation add back	21,871	31,718
	Capital allowances	(87,173)	(54,255)
	Adjustments to previous periods	(1,411)	-
	Other tax adjustments	(19,561)	(18,140)
		<u>(69,456)</u>	<u>(28,651)</u>
	Current tax charge	<u>86,071</u>	<u>88,797</u>
5	Dividends	2009 £	2008 £
	Ordinary interim paid	<u>100,000</u>	<u>45,000</u>

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 2009

6 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 November 2008	70,677	1,074,636	264,927	23,863	1,434,103
Additions	-	1,011,228	15,747	54,834	1,081,809
Disposals	-	(399,280)	(78,361)	(8,750)	(486,391)
At 31 October 2009	70,677	1,686,584	202,313	69,947	2,029,521
Depreciation					
At 1 November 2008	33,570	311,287	95,600	15,598	456,055
On disposals	-	(250,262)	(51,838)	(3,403)	(305,503)
Charge for the year	1,769	133,027	39,983	8,223	183,002
At 31 October 2009	35,339	194,052	83,745	20,418	333,554
Net book value					
At 31 October 2009	35,338	1,492,532	118,568	49,529	1,695,967
At 31 October 2008	37,107	763,349	169,327	8,265	978,048

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 2009	1,185,092	49,528	1,234,620
At 31 October 2008	61,533	-	61,533
Depreciation charge for the year			
At 31 October 2009	83,163	5,306	88,469
At 31 October 2008	5,545	-	5,545

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2009

7	Stocks	2009	2008
		£	£
	Raw materials and consumables	228,975	403,379
	Finished goods and goods for resale	1,016,823	703,463
		<u>1,245,798</u>	<u>1,106,842</u>
8	Debtors	2009	2008
		£	£
	Trade debtors	3,414,056	3,215,573
	Other debtors	71,231	168,023
	Prepayments and accrued income	80,339	72,708
		<u>3,565,626</u>	<u>3,456,304</u>
9	Creditors: amounts falling due within one year	2009	2008
		£	£
	Bank loans and overdrafts	751,485	954,700
	Net obligations under hire purchase contracts	164,797	1,850
	Trade creditors	3,138,601	3,315,367
	Corporation tax	84,660	88,797
	Other taxes and social security costs	273,044	257,158
	Other creditors	133,145	199,923
	Accruals and deferred income	96,452	48,883
		<u>4,642,184</u>	<u>4,866,678</u>
	Debt due in one year or less	<u>68,380</u>	<u>133,725</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 2009

10 Creditors amounts falling due after more than one year	2009 £	2008 £
Purchase of own shares - loan notes	117,054	173,740
Net obligations under hire purchase contracts	879,986	-
	<u>997,040</u>	<u>173,740</u>
Redemption of loan notes		
Wholly repayable within five years	185,434	173,740
Included in current liabilities	(68,380)	-
	<u>117,054</u>	<u>173,740</u>
Loan note maturity analysis		
In more than one year but not more than two years	55,625	56,220
In more than two years but not more than five years	61,895	117,520
	<u>117,520</u>	<u>173,740</u>
Net obligations under hire purchase contracts		
Repayable within one year	164,797	1,850
Repayable between one and five years	715,189	-
	<u>879,986</u>	<u>1,850</u>
Included in liabilities falling due within one year	(164,797)	(1,850)
	<u>715,189</u>	<u>-</u>

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2009

11 Provisions for liabilities

	Deferred tax liability £
Balance at 1 November 2008	53,201
Profit and loss account	65,798
	<u>118,999</u>
Balance at 31 October 2009	<u>118,999</u>

The deferred tax liability is made up as follows:

	2009 £	2008 £
Accelerated capital allowances	<u>118,999</u>	<u>53,201</u>

12 Share capital

	2009 £	2008 £
Authorised		
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

13 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 November 2008	5,000	437,575
Profit for the year	-	403,583
Dividends paid	-	(100,000)
	<u>5,000</u>	<u>741,158</u>
Balance at 31 October 2009	<u>5,000</u>	<u>741,158</u>
Other reserves		
Capital redemption reserve		
Balance at 1 November 2008 & at 31 October 2009	<u>5,000</u>	

ESSENTIAL SUPPLY PRODUCTS LTD

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2009

14 Reconciliation of movements in shareholders' funds	2009	2008
	£	£
Profit for the financial year	403,583	300,074
Dividends	(100,000)	(45,000)
Net addition to shareholders' funds	303,583	255,074
Opening shareholders' funds	447,575	192,501
Closing shareholders' funds	751,158	447,575

15 Financial commitments

At 31 October 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2010

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Operating leases which expire				
Within one year	-	-	2,141	15,563
Between two and five years	288,765	288,765	27,030	36,945
	288,765	288,765	29,171	52,508

16 Directors' emoluments	2009	2008
	£	£
Emoluments for qualifying services	381,606	338,383
Emoluments disclosed above include the following amounts paid to the highest paid director		
Emoluments for qualifying services	152,274	142,862
Company pension contributions to money purchase schemes	-	468

17 Transactions with directors

C J Theakston owns property occupied by the company. The company was charged £288,765 for rent of the premises. Trade creditors includes £83,012 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 2009

18 Employees

Number of employees

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

	2009 Number	2008 Number
Administration Staff	12	13
Distribution Staff	8	7
Production Staff	29	25
Sales Staff	4	5
	<u>53</u>	<u>50</u>

Employment costs

	2009 £	2008 £
Wages and salaries	1,224,926	1,107,701
Social security costs	<u>132,850</u>	<u>125,102</u>
	<u>1,357,776</u>	<u>1,232,803</u>