

Company Registration No. 03123861 (England and Wales)

**ESSENTIAL SUPPLY PRODUCTS LTD**  
**ABBREVIATED ANNUAL REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2014**

WEDNESDAY



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# **ESSENTIAL SUPPLY PRODUCTS LTD**

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# **ESSENTIAL SUPPLY PRODUCTS LTD**

## **STRATEGIC REPORT**

***FOR THE PERIOD ENDED 31 MARCH 2014***

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### **Review of the business**

The company has continued to raise its profile in the Away From Home disposable paper market, focusing on growth within 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 principal risks and uncertainties relate to continuing strong competition in the Away From Home 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 positive about the growth opportunities in the market and confident of the company's ability to capitalise on them. The acquisition of Freehold development land in 2013 which is in close proximity to the Company's existing operating base will provide a sound basis to underpin delivery of this growth.



Mrs A Waterman  
Director  
2 December 2014

# **ESSENTIAL SUPPLY PRODUCTS LTD**

## **DIRECTORS' REPORT**

***FOR THE PERIOD ENDED 31 MARCH 2014***

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The directors present their report and financial statements for the Period ended 31 March 2014.

### **Principal activities**

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

### **Results and dividends**

The results for the Period are set out on page 5.

An interim dividend of £20.00 per share has been paid.

### **Directors**

The following directors have held office since 1 November 2012:

Mr C Theakston  
Mrs A Waterman  
Mr S P Briggs  
Mr M Kent

### **Auditors**

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

# **ESSENTIAL SUPPLY PRODUCTS LTD**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2014**

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### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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



Mrs A Waterman

Director

2 December 2014

# ESSENTIAL SUPPLY PRODUCTS LTD

## INDEPENDENT AUDITORS' REPORT TO ESSENTIAL SUPPLY PRODUCTS LTD UNDER SECTION 449 OF THE COMPANIES ACT 2006

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We have examined the abbreviated accounts set out on pages 5 to 18, together with the financial statements of Essential Supply Products Ltd for the Period ended 31 March 2014 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.

*CK Audit*

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

2 December 2014

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 PERIOD ENDED 31 MARCH 2014

		Period ended 31 March 2014 £	31 October 2012 £
	Notes		
Turnover		21,085,237	14,261,892
Other operating income less cost of sales		(17,622,189)	(11,688,735)
Distribution costs		(674,414)	(512,829)
Administrative expenses		(2,298,844)	(1,580,352)
Operating profit	2	489,790	479,976
Interest payable and similar charges	3	(84,822)	(56,902)
Profit on ordinary activities before taxation		404,968	423,074
Tax on profit on ordinary activities	4	(82,357)	(85,612)
Profit for the Period	14	322,611	337,462

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

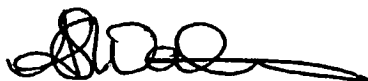
## ABBREVIATED BALANCE SHEET

AS AT 31 MARCH 2014

	Notes	2014 £	£	2012 £	£
<b>Fixed assets</b>					
Intangible assets	6		14,193		5,028
Tangible assets	7		1,915,402		1,568,624
			<u>1,929,595</u>		<u>1,573,652</u>
<b>Current assets</b>					
Stocks	8	1,276,461		1,119,676	
Debtors	9	3,479,797		2,837,852	
Cash at bank and in hand		6,128		2,042	
		<u>4,762,386</u>		<u>3,959,570</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(4,431,277)</u>		<u>(3,096,492)</u>	
<b>Net current assets</b>			<u>331,109</u>		<u>863,078</u>
<b>Total assets less current liabilities</b>			<u>2,260,704</u>		<u>2,436,730</u>
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(332,575)</u>		<u>(692,077)</u>
<b>Provisions for liabilities</b>	12		<u>(81,946)</u>		<u>(121,081)</u>
			<u>1,846,183</u>		<u>1,623,572</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		1,836,183		1,613,572
<b>Shareholders' funds</b>	15		<u>1,846,183</u>		<u>1,623,572</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 2 December 2014



Mrs A. Waterman  
Director

Company Registration No. 03123861



# ESSENTIAL SUPPLY PRODUCTS LTD

## CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2014

	Period ended 31 March 2014 £	31 October 2012 £
<b>Net cash inflow from operating activities</b>	775,112	1,164,334
<b>Returns on investments and servicing of finance</b>		
Interest paid	(84,822)	(56,902)
<b>Net cash outflow for returns on investments and servicing of finance</b>	(84,822)	(56,902)
<b>Taxation</b>	(109,604)	(141,550)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(755,513)	(75,951)
Receipts from sales of tangible assets	15,249	13,099
<b>Net cash outflow for capital expenditure</b>	(740,264)	(62,852)
<b>Equity dividends paid</b>	(100,000)	(100,000)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>	(259,578)	803,030
<b>Financing</b>		
Other new short term loans	11,415	-
Repayment of other long term loans	(11,450)	(4,318)
Repayment of other short term loans	(4,381)	(50,060)
Capital element of hire purchase contracts	(370,014)	(290,790)
<b>Increase in debt</b>	(374,430)	(345,168)
<b>Net cash outflow from financing</b>	(374,430)	(345,168)
<b>(Decrease)/increase in cash in the Period</b>	(634,008)	457,862

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2014

<b>1 Reconciliation of operating profit to net cash outflow from operating activities</b>	<b>2014</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating profit	489,790	479,976
Depreciation of tangible assets	390,823	284,952
Amortisation of intangible assets	6,839	2,380
Profit on disposal of tangible assets	(2,092)	(2,472)
Increase in stocks	(156,785)	(14,555)
(Increase)/decrease in debtors	(579,863)	306,466
Increase in creditors within one year	626,400	107,587
<b>Net cash inflow from operating activities</b>	<b>775,112</b>	<b>1,164,334</b>

<b>2 Analysis of net debt</b>	<b>1 November 2012</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 March 2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash:				
Cash at bank and in hand	2,042	4,086	-	6,128
Bank overdrafts	(449,293)	(638,094)	-	(1,087,387)
	<u>(447,251)</u>	<u>(634,008)</u>	<u>-</u>	<u>(1,081,259)</u>
Bank deposits	-	-	-	-
Debt:				
Finance leases	(939,382)	370,015	(11,250)	(580,617)
Debts falling due within one year	(5,565)	(7,034)	-	(12,599)
Debts falling due after one year	(11,450)	11,450	-	-
	<u>(956,397)</u>	<u>374,431</u>	<u>(11,250)</u>	<u>(593,216)</u>
<b>Net debt</b>	<b>(1,403,648)</b>	<b>(259,577)</b>	<b>(11,250)</b>	<b>(1,674,475)</b>

<b>3 Reconciliation of net cash flow to movement in net debt</b>	<b>2014</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
(Decrease)/increase in cash in the Period	(634,008)	457,862
Cash outflow from decrease in debt and lease financing	374,431	345,168
Change in net debt resulting from cash flows	(259,577)	803,030
New finance lease	(11,250)	(256,500)
<b>Movement in net debt in the Period</b>	<b>(270,827)</b>	<b>546,530</b>
Opening net debt	(1,403,648)	(1,950,178)
<b>Closing net debt</b>	<b>(1,674,475)</b>	<b>(1,403,648)</b>

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2014

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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 Trademarks

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

#### 1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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 Freehold	Nil
Land and buildings Leasehold	3 - 8 years
Plant and machinery	10%/25% straight line
Fixtures, fittings & equipment	2 - 10 years
Motor vehicles	25%/50% straight line

#### 1.6 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.

#### 1.7 Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on an average cost out basis. Net realisable value represents estimated selling price less costs to complete and sell. Provision is made for slow moving, obsolete or damaged stock where the net realisable value is less than cost.

#### 1.8 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.

#### 1.9 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 PERIOD ENDED 31 MARCH 2014

### 1 Accounting policies (Continued)

#### 1.10 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

#### 1.11 Intangible fixed assets

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

Trademarks	4 years straight line
Other intangibles	5 years straight line

2 Operating profit	2014 £	2012 £
Operating profit is stated after charging:		
Amortisation of intangible assets	6,839	2,380
Depreciation of tangible assets	390,823	284,952
Operating lease rentals		
- Plant and machinery	59,649	37,454
- Other assets	614,799	423,759
Auditors' remuneration (including expenses and benefits in kind)	5,750	5,600
and after crediting:		
Government grants	-	34,200
Profit on disposal of tangible assets	(2,092)	(2,472)
Profit on foreign exchange transactions	(94,514)	(81,062)
	<u>25,871</u>	<u>13,834</u>
3 Interest payable	2014 £	2012 £
On bank loans and overdrafts	25,871	13,834
Hire purchase interest	58,951	43,068
	<u>84,822</u>	<u>56,902</u>

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2014

4	Taxation	2014 £	2012 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	121,492	109,603
	<b>Total current tax</b>	121,492	109,603
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(39,135)	(23,991)
		82,357	85,612
	<b>Factors affecting the tax charge for the period</b>		
	Profit on ordinary activities before taxation	404,968	423,074
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.29% (2012 - 24.83%)	94,327	105,049
	Effects of:		
	Non deductible expenses	8,572	6,247
	Depreciation in excess of capital allowances	27,185	7,829
	Marginal relief	(12,707)	(12,191)
	Fixed asset differences	4,115	2,669
		27,165	4,554
	<b>Current tax charge for the period</b>	121,492	109,603
5	<b>Dividends</b>	2014 £	2012 £
	Ordinary interim paid	100,000	100,000

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2014

### 6 Intangible fixed assets

	Trademarks £	Other intangibles £	Total £
<b>Cost</b>			
At 1 November 2012	9,520	-	9,520
Additions	-	16,004	16,004
At 31 March 2014	9,520	16,004	25,524
<b>Amortisation</b>			
At 1 November 2012	4,492	-	4,492
Charge for the Period	3,372	3,467	6,839
At 31 March 2014	7,864	3,467	11,331
<b>Net book value</b>			
At 31 March 2014	1,656	12,537	14,193
At 31 October 2012	5,028	-	5,028

### 7 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 November 2012	-	78,493	2,018,779	307,514	206,337	2,611,123
Additions	661,928	-	54,145	28,285	6,400	750,758
Disposals	-	-	-	(2,288)	(46,300)	(48,588)
At 31 March 2014	661,928	78,493	2,072,924	333,511	166,437	3,313,293
<b>Depreciation</b>						
At 1 November 2012	-	64,882	703,042	156,628	117,947	1,042,499
On disposals	-	-	-	(1,589)	(33,842)	(35,431)
Charge for the Period	-	12,526	280,809	46,555	50,933	390,823
At 31 March 2014	-	77,408	983,851	201,594	135,038	1,397,891
<b>Net book value</b>						
At 31 March 2014	661,928	1,085	1,089,073	131,917	31,399	1,915,402
At 31 October 2012	-	13,611	1,315,736	150,886	88,391	1,568,624

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2014

### 7 Tangible fixed assets

(Continued)

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

	Plant and machinery £	Motor vehicles £	Total £
<b>Net book values</b>			
At 31 March 2014	1,018,730	-	1,018,730
At 31 October 2012	1,285,159	33,638	1,318,797
<b>Depreciation charge for the Period</b>			
At 31 March 2014	267,857	-	267,857
At 31 October 2012	171,075	24,515	195,590

### 8 Stocks

	2014 £	2012 £
Raw materials and consumables	415,028	308,807
Finished goods and goods for resale	861,433	810,869
	1,276,461	1,119,676

### 9 Debtors

	2014 £	2012 £
Trade debtors	3,044,269	2,727,170
Corporation tax	62,082	-
Other debtors	248,328	2
Prepayments and accrued income	125,118	110,680
	3,479,797	2,837,852

## ESSENTIAL SUPPLY PRODUCTS LTD

### NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2014

10 Creditors: amounts falling due within one year	2014 £	2012 £
Bank loans and overdrafts	1,087,387	449,293
Net obligations under hire purchase contracts	248,042	258,755
Trade creditors	2,602,764	1,940,268
Corporation tax	183,573	109,603
Other taxes and social security costs	196,663	187,052
Other creditors	87,473	83,004
Accruals and deferred income	25,375	68,517
	<u>4,431,277</u>	<u>3,096,492</u>
Debt due in one year or less	<u>12,634</u>	<u>5,565</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 PERIOD ENDED 31 MARCH 2014

11 Creditors: amounts falling due after more than one year	2014 £	2012 £
Other loans	-	11,450
Net obligations under hire purchase contracts	332,575	680,627
	<u>332,575</u>	<u>692,077</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	12,599	17,015
	<u>12,599</u>	<u>17,015</u>
Included in current liabilities	(12,599)	(5,565)
	<u>-</u>	<u>11,450</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	-	11,450
	<u>-</u>	<u>11,450</u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	248,042	258,755
Repayable between one and five years	332,575	659,782
Repayable after five years	-	20,845
	<u>580,617</u>	<u>939,382</u>
Included in liabilities falling due within one year	(248,042)	(258,755)
	<u>332,575</u>	<u>680,627</u>

# ESSENTIAL SUPPLY PRODUCTS LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2014

### 12 Provisions for liabilities

	Deferred tax liability £
Balance at 1 November 2012	121,081
Profit and loss account	(39,135)
Balance at 31 March 2014	<u>81,946</u>

The deferred tax liability is made up as follows:

	2014 £	2012 £
Accelerated capital allowances	<u>81,946</u>	<u>121,081</u>

### 14 Share capital

	2014 £	2012 £
Allotted, called up and fully paid 5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

### 14 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 November 2012	5,000	1,613,572
Profit for the period	-	322,611
Dividends paid	-	(100,000)
Balance at 31 March 2014	<u>5,000</u>	<u>1,836,183</u>
<b>Other reserves</b>		
<b>Capital redemption reserve</b>		
Balance at 1 November 2012 & at 31 March 2014	<u>5,000</u>	