

REGISTERED NUMBER: 03537679 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 March 2018**
for
Blends Ltd

FRIDAY



A19 *A7L9B9FD* #184
21/12/2018
COMPANIES HOUSE

**Contents of the Financial Statements
for the Year Ended 31 March 2018**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Income Statement	8
Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Notes to the Cash Flow Statement	13
Notes to the Financial Statements	14

Blends Ltd

**Company Information
for the Year Ended 31 March 2018**

DIRECTORS:

Mr M D Rowark
Mr P W Rowark
Mr M R Rowark

SECRETARY:

Ms A Rowark

REGISTERED OFFICE:

Blends House
Overbrook Lane
Knowsley
Prescot
Merseyside
L34 9FB

REGISTERED NUMBER:

03537679 (England and Wales)

AUDITORS:

Harts Limited
Chartered Accountants and Statutory Auditors
Westminster House
10 Westminster Road
Macclesfield
Cheshire
SK10 1BX

**Strategic Report
for the Year Ended 31 March 2018**

The directors present their strategic report for the year ended 31 March 2018.

The principal activity of the company in the year under review was that of the manufacture and distribution of flavourings to the catering industry and associated concerns.

REVIEW OF BUSINESS

Blends Ltd is a family-owned company which has been trading as a reputable distributor to the food and drinks industry since 1998 celebrating 20 years this year. We are a British Retail Consortium (BRC) accredited company achieving an AA grade certificate. We are the largest distributor of packed glycerine in the UK, holding a market share of approximately 25%. We are also the sole UK distributor for Aromco flavours and enjoy a growing role in blending and co-packing for well-known brands.

Considerable growth has occurred over the last few years. The company has invested heavily in purchasing and developing the current premises (Blends House) and with the purchase of our additional building in Kitling Road. Our employee number total 56 which has trebled since our move to Blends House. Our achievements were recognised at the Knowsley Business Regeneration Awards where we were voted Small Business of the Year in both 2012 and 2015 and more recently 2017.

Our previously acquired adjacent property (Picton House) has enabled us to be more proactive and competitive in the commodity market.

PRINCIPAL RISKS AND UNCERTAINTIES

With market penetration one of our key growth strategies, we are conscious of the competitive rivalry within our market. Product and service extension strategies will help us to continue to differentiate ourselves from other suppliers. We purchase most of our commodities from Europe which brings uncertainty with the pending Brexit. We depend on a strong pound but to alleviate this we book our Euros in advance.

The glycerine business has been built up over the last 18 years with major growth in the last 8 years making us the largest distributor of packed glycerine in the UK food sector. The Glycerine supply in the last year has been very volatile and unprecedented in our history of dealing with this commodity. This has resulted in the product almost doubling in price and in turn has made the market even more competitive. We operate a returnable IBC policy which helps with reducing costs in this area.

ANALYSIS OF DEVELOPMENT AND PERFORMANCE

We continue to target new, growing flavour markets such as electronic cigarettes. Our sales continue to grow in this area. Another increase in flavour sales is in the Bakery sector. We are in the process of appointing an Applications Technologist who can assist in developing this area.

Another area of growth is in the sports nutrition sector which is a market that is developing considerably.

We have made investment in the development of our repack areas which will help to accommodate the increased demand for this service. We have increased capacity in the production lines by 50%.

Although we faced difficulties during the Glycerine shortage we were still able to fulfil our contracts to our customers strengthening our relationships with them.

It is important that Blends recognises its key strengths. For this reason, we must continue to focus on our key products and markets which have formed the backbone of our success. This will involve maintaining our strong position in commodity markets such as glycerine and, in addition, growing our share in the markets for other key commodities and adding specific new products.

Any new bulk products must complement our current range and take advantage of our very low-cost operation. Almost any bulk food liquid falls into this category, but our immediate short-term focus is on Mono Propylene Glycol (MPG) and rapeseed oil.

The quality of our employees contributes to the success of Blends Ltd. We continue to invest in our employees in training and development. Some of our employees originated from apprenticeships and have since been promoted to management level. We have also appointed a Transport Manager from within our team to allow us to deliver 3rd party goods on our own vehicles. We should see a considerable saving in our distribution costs.

Blends Ltd (Registered number: 03537679)

**Strategic Report
for the Year Ended 31 March 2018**

Analysis

Sales were up from
2017 - 10,531,509
2018 - 13,258,185

Turnover in quantity of orders was increased but the turnover figure is dictated by the cost of commodities which reflects on sale prices.

Cost of sales has increased by 34.4% (this was because purchasing price for Glycerine doubled in the second quarter we had to fulfil our customer contracts at the existing sale prices meaning margins were tight.

Gross Profit was down from 2017 by 1.2%.

FUTURE DEVELOPMENT AND RESEARCH

We have invested in new personnel in sales and development, this will make Blends stronger in the marketplace. Our flavours business offers tremendous potential for growth and the appointment of a new Director of Flavours underlines our strategic commitment.

Our aim this year is to have Blends Limited and Blends Flavours and Colours Ltd operating as two separate entities. This will allow a clearer picture of the commodity business compared with the flavour and colour specialty business. This will allow decisions over investment to be much more focussed and give more accurate profit analysis to be made. Succession planning is in place and we are in the process of further strengthening the management team.

ON BEHALF OF THE BOARD:



Mr M D Rowark - Director

19 October 2018

**Report of the Directors
for the Year Ended 31 March 2018**

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

PRINCIPAL ACTIVITY

the manufacture and distribution of flavourings to the catering industry and associated concerns.

DIVIDENDS

An interim dividend of £1,530 per share on the Ordinary A Shares £1 shares was paid on 31 January 2018. The directors recommend that no final dividend be paid on these shares.

An interim dividend of £5,000 per share on the Ordinary B Shares £1 shares was paid on 31 March 2018. The directors recommend that no final dividend be paid on these shares.

An interim dividend of £5,000 per share paid on the Ordinary C Shares £1 shares was paid on 31 March 2018. The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the year ended 31 March 2018 will be £159,940.

DIRECTORS

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

Mr M D Rowark
Mr P W Rowark
Mr M R Rowark

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 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 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 company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Blends Ltd (Registered number: 03537679)

**Report of the Directors
for the Year Ended 31 March 2018**

AUDITORS

The auditors, Harts Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'M. D. Rowark'.

Mr M D Rowark - Director

19 October 2018

Report of the Independent Auditors to the Members of Blends Ltd

Opinion

We have audited the financial statements of Blends Ltd (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 company's affairs as at 31 March 2018 and of its 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 company 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 company'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 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 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 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
Blends Ltd**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 four, 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 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 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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mr David Alexander John Taylor (Senior Statutory Auditor)
for and on behalf of Harts Limited
Chartered Accountants and Statutory Auditors
Westminster House
10 Westminster Road
Macclesfield
Cheshire
SK10 1BX

Date: 19.10.2018

Blends Ltd (Registered number: 03537679)

**Income Statement
for the Year Ended 31 March 2018**

	Notes	31.3.18 £	31.3.17 £
TURNOVER	3	13,258,185	10,531,509
Cost of sales		<u>(10,773,128)</u>	<u>(8,017,173)</u>
GROSS PROFIT		2,485,057	2,514,336
Administrative expenses		<u>(2,303,045)</u>	<u>(2,044,476)</u>
		182,012	469,860
Other operating income		<u>74,269</u>	<u>82,346</u>
OPERATING PROFIT	5	256,281	552,206
Interest receivable and similar income		<u>2,764</u>	<u>58</u>
		259,045	552,264
Interest payable and similar expenses	7	<u>(46,875)</u>	<u>(50,716)</u>
PROFIT BEFORE TAXATION		212,170	501,548
Tax on profit	8	<u>130,466</u>	<u>(162,198)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>342,636</u></u>	<u><u>339,350</u></u>

The notes form part of these financial statements

Blends Ltd (Registered number: 03537679)

**Other Comprehensive Income
for the Year Ended 31 March 2018**

	Notes	31.3.18 £	31.3.17 £
PROFIT FOR THE YEAR		342,636	339,350
OTHER COMPREHENSIVE INCOME			
Revaluation		251,304	349,544
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>251,304</u>	<u>349,544</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>593,940</u></u>	<u><u>688,894</u></u>

The notes form part of these financial statements

Blends Ltd (Registered number: 03537679)

**Balance Sheet
31 March 2018**

	Notes	31.3.18 £	31.3.17 £
FIXED ASSETS			
Tangible assets	10	4,551,183	4,382,507
CURRENT ASSETS			
Stocks	11	1,761,156	1,050,071
Debtors	12	2,991,671	2,114,648
Cash at bank		34,028	14,412
		<u>4,786,855</u>	<u>3,179,131</u>
CREDITORS			
Amounts falling due within one year	13	(5,000,125)	(3,404,284)
NET CURRENT LIABILITIES		<u>(213,270)</u>	<u>(225,153)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,337,913</u>	<u>4,157,354</u>
CREDITORS			
Amounts falling due after more than one year	14	(1,535,242)	(1,742,501)
PROVISIONS FOR LIABILITIES	18	<u>(88,705)</u>	<u>(134,887)</u>
NET ASSETS		<u><u>2,713,966</u></u>	<u><u>2,279,966</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Revaluation reserve	20	600,848	349,544
Retained earnings	20	<u>2,113,018</u>	<u>1,930,322</u>
SHAREHOLDERS' FUNDS		<u><u>2,713,966</u></u>	<u><u>2,279,966</u></u>

The financial statements were approved by the Board of Directors on 19 October 2018 and were signed on its behalf by:

M. D. Rowark

Mr M D Rowark - Director

The notes form part of these financial statements

Blends Ltd (Registered number: 03537679)

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

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 April 2016	100	1,725,972	-	1,726,072
Changes in equity				
Dividends	-	(135,000)	-	(135,000)
Total comprehensive income	-	339,350	349,544	688,894
Balance at 31 March 2017	100	1,930,322	349,544	2,279,966
Changes in equity				
Dividends	-	(159,940)	-	(159,940)
Total comprehensive income	-	342,636	251,304	593,940
Balance at 31 March 2018	100	2,113,018	600,848	2,713,966

The notes form part of these financial statements

**Cash Flow Statement
for the Year Ended 31 March 2018**

	Notes	31.3.18 £	31.3.17 £
Cash flows from operating activities			
Cash generated from operations	1	116,420	253,560
Interest paid		(42,741)	(48,120)
Interest element of hire purchase payments paid		(4,134)	(2,596)
Tax paid		(4,891)	(21,175)
Net cash from operating activities		<u>64,654</u>	<u>181,669</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(160,044)	(535,930)
Sale of tangible fixed assets		17,700	50,000
Interest received		2,764	58
Net cash from investing activities		<u>(139,580)</u>	<u>(485,872)</u>
Cash flows from financing activities			
Loan repayments in year		(217,000)	(217,000)
Capital repayments in year		17,248	44,257
Amount introduced by directors		159,940	135,000
Amount withdrawn by directors		(151,087)	(127,682)
Equity dividends paid		(159,940)	(135,000)
Net cash from financing activities		<u>(350,839)</u>	<u>(300,425)</u>
Decrease in cash and cash equivalents		<u>(425,765)</u>	<u>(604,628)</u>
Cash and cash equivalents at beginning of year	2	(1,110,689)	(506,061)
Cash and cash equivalents at end of year	2	<u><u>(1,536,454)</u></u>	<u><u>(1,110,689)</u></u>

Notes to the Cash Flow Statement
for the Year Ended 31 March 2018

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	31.3.18	31.3.17
	£	£
Profit for the financial year	342,636	339,350
Depreciation charges	229,676	168,179
(Profit)/loss on disposal of fixed assets	(4,705)	9,083
Finance costs	46,875	50,716
Finance income	(2,764)	(58)
Taxation	(130,466)	162,198
	<u>481,252</u>	<u>729,468</u>
Increase in stocks	(711,085)	(354,167)
Increase in trade and other debtors	(812,075)	(607,007)
Increase in trade and other creditors	1,158,328	485,266
	<u>116,420</u>	<u>253,560</u>
Cash generated from operations	<u>116,420</u>	<u>253,560</u>

2. 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	34,028	14,412
Bank overdrafts	(1,570,482)	(1,125,101)
	<u>(1,536,454)</u>	<u>(1,110,689)</u>

Year ended 31 March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	14,412	122,174
Bank overdrafts	(1,125,101)	(628,235)
	<u>(1,110,689)</u>	<u>(506,061)</u>

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

1. STATUTORY INFORMATION

Blends Ltd 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 Company 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 as modified by the revaluation of certain assets.

Turnover

Turnover represents the value, net of value added tax and discounts. It is recognised upon delivery of goods, and when the work is carried out in respect of services provided to the customer.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 10% on cost and 2% on cost
Plant and machinery	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	31.3.18 £	31.3.17 £
Products	13,014,579	10,296,501
Service	194,275	183,174
Commission	49,331	51,834
	<u>13,258,185</u>	<u>10,531,509</u>

An analysis of turnover by geographical market is given below:

	31.3.18 £	31.3.17 £
United Kingdom	13,233,011	10,507,594
Europe	25,174	23,915
	<u>13,258,185</u>	<u>10,531,509</u>

4. EMPLOYEES AND DIRECTORS

	31.3.18 £	31.3.17 £
Wages and salaries	1,249,486	1,093,222
Social security costs	106,171	12,369
Other pension costs	22,612	82,170
	<u>1,378,269</u>	<u>1,187,761</u>

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

4. EMPLOYEES AND DIRECTORS - continued

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

	31.3.18	31.3.17
Director	3	3
Sales	3	3
Admin	11	10
Production	29	23
Drivers	2	3
Cleaning	3	2
	<u>51</u>	<u>44</u>

	31.3.18	31.3.17
	£	£
Directors' remuneration	<u>100,240</u>	<u>96,500</u>

5. OPERATING PROFIT

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

	31.3.18	31.3.17
	£	£
Hire of plant and machinery	33,112	30,058
Depreciation - owned assets	229,677	168,179
(Profit)/loss on disposal of fixed assets	<u>(4,705)</u>	<u>9,083</u>

6. AUDITORS' REMUNERATION

	31.3.18	31.3.17
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>9,390</u>	<u>4,700</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.3.18	31.3.17
	£	£
Bank interest	42,536	48,110
Other interest paid	205	10
Hire purchase interest	<u>4,134</u>	<u>2,596</u>
	<u>46,875</u>	<u>50,716</u>

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

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	31.3.18 £	31.3.17 £
Current tax:		
UK corporation tax	(30,571)	24,228
(Over) under reserve in prior year	(53,713)	97,270
Total current tax	(84,284)	121,498
Deferred tax	(46,182)	40,700
Tax on profit	<u>(130,466)</u>	<u>162,198</u>

UK corporation tax has been charged at 19%.

Reconciliation of total tax (credit)/charge included in profit and loss

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

	31.3.18 £	31.3.17 £
Profit before tax	<u>212,170</u>	<u>501,548</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	40,312	100,310
Effects of:		
Expenses not deductible for tax purposes	43,892	4,039
Capital allowances in excess of depreciation	(38,471)	(11,847)
Adjustments to tax charge in respect of previous periods	(53,713)	97,270
Deferred tax	(46,182)	40,700
Research and Development claim	(81,187)	(68,274)
Surrender for tax credit adjustment	4,883	-
Total tax (credit)/charge	<u>(130,466)</u>	<u>162,198</u>

Tax effects relating to effects of other comprehensive income

	31.3.18 Gross £	31.3.18 Tax £	31.3.17 Gross £	31.3.17 Tax £	31.3.17 Net £
Revaluation	<u>251,304</u>	<u>-</u>	<u>349,544</u>	<u>-</u>	<u>349,544</u>

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

9. DIVIDENDS

	31.3.18 £	31.3.17 £
Ordinary A Shares shares of £1 each		
Interim	149,940	125,000
Ordinary B Shares share of £1		
Interim	5,000	5,000
Ordinary C Shares share of £1		
Interim	5,000	5,000
	<u>159,940</u>	<u>135,000</u>

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 April 2017	3,825,200	817,566	298,541	4,941,307
Additions	-	160,044	-	160,044
Disposals	-	-	(31,837)	(31,837)
Revaluations	174,800	-	-	174,800
	<u>4,000,000</u>	<u>977,610</u>	<u>266,704</u>	<u>5,244,314</u>
DEPRECIATION				
At 1 April 2017	-	343,054	215,746	558,800
Charge for year	76,504	135,723	17,450	229,677
Eliminated on disposal	-	-	(18,842)	(18,842)
Revaluation adjustments	(76,504)	-	-	(76,504)
	<u>-</u>	<u>478,777</u>	<u>214,354</u>	<u>693,131</u>
NET BOOK VALUE				
At 31 March 2018	<u>4,000,000</u>	<u>498,833</u>	<u>52,350</u>	<u>4,551,183</u>
At 31 March 2017	<u>3,825,200</u>	<u>474,512</u>	<u>82,795</u>	<u>4,382,507</u>

Cost or valuation at 31 March 2018 is represented by:

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
Valuation in 2017	122,552	-	-	122,552
Valuation in 2018	174,800	-	-	174,800
Cost	3,702,648	977,610	266,704	4,946,962
	<u>4,000,000</u>	<u>977,610</u>	<u>266,704</u>	<u>5,244,314</u>

If had not been revalued would have been included at the following historical cost:

	31.3.18 £	31.3.17 £
Cost	<u>3,702,648</u>	<u>3,702,648</u>

Freehold property was valued on an open market basis on 5 July 2018 by Mason Owen Property Consultants.

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

10. TANGIBLE FIXED ASSETS - continued

Included in the total net book value of plant and machinery and motor vehicles was £108,653 (2017 - £83,531) in respect of assets held under finance leases.

11. STOCKS

	31.3.18	31.3.17
	£	£
Stocks	<u>1,761,156</u>	<u>1,050,071</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.18	31.3.17
	£	£
Trade debtors	2,906,455	2,109,347
Other debtors	11,449	1,207
Tax	64,947	-
Prepayments	8,820	4,094
	<u>2,991,671</u>	<u>2,114,648</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.18	31.3.17
	£	£
Bank loans and overdrafts (see note 15)	1,787,482	1,342,101
Hire purchase contracts (see note 16)	51,973	44,466
Trade creditors	2,548,710	1,522,468
Tax	-	24,228
Social security and other taxes	28,272	22,443
VAT	447,140	248,436
Other creditors	103,566	157,201
Directors' current accounts	17,962	9,109
Accrued expenses	15,020	33,832
	<u>5,000,125</u>	<u>3,404,284</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.18	31.3.17
	£	£
Bank loans (see note 15)	1,482,833	1,699,833
Hire purchase contracts (see note 16)	52,409	42,668
	<u>1,535,242</u>	<u>1,742,501</u>

The bank loan must be repaid by 33 consecutive payments of £18,083.33 followed by a final repayment of £1,103,083.53 on the termination date. Interest is payable at 2% on the principal amount.

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

15. LOANS

An analysis of the maturity of loans is given below:

	31.3.18 £	31.3.17 £
Amounts falling due within one year or on demand:		
Bank overdrafts	1,570,482	1,125,101
Bank loans	217,000	217,000
	<u>1,787,482</u>	<u>1,342,101</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>217,000</u>	<u>217,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,265,833</u>	<u>1,482,833</u>

16. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	31.3.18 £	31.3.17 £
Net obligations repayable:		
Within one year	51,973	44,466
Between one and five years	52,409	42,668
	<u>104,382</u>	<u>87,134</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.18 £	31.3.17 £
Bank overdrafts	1,570,482	1,125,101
Bank loans	1,699,833	1,916,833
Hire purchase contracts	104,382	87,134
	<u>3,374,697</u>	<u>3,129,068</u>

Bank loans and overdrafts are secured by way of a debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future.

Hire purchases creditors are secured on the assets to which they relate.

18. PROVISIONS FOR LIABILITIES

	31.3.18 £	31.3.17 £
Deferred tax	<u>88,705</u>	<u>134,887</u>

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

18. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 April 2017	134,887
Credit to Income Statement during year	(46,182)
	<hr/>
Balance at 31 March 2018	88,705
	<hr/>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	31.3.18	31.3.17
Number:	Class:	value:	£	£
98	Ordinary A Shares	£1	98	98
1	Ordinary B Shares	£1	1	1
1	Ordinary C Shares	£1	1	1
			<hr/>	<hr/>
			100	100
			<hr/>	<hr/>

20. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 April 2017	1,930,322	349,544	2,279,866
Profit for the year	342,636		342,636
Dividends	(159,940)		(159,940)
Revaluation	-	251,304	251,304
	<hr/>	<hr/>	<hr/>
At 31 March 2018	2,113,018	600,848	2,713,866
	<hr/>	<hr/>	<hr/>

21. ULTIMATE CONTROLLING PARTY

The company is controlled by Mr and Mrs M Rowark

22. GOVERNMENT GRANTS

Grant income is recognised at its fair value in the profit and loss.

	31.03.18 £	31.03.17 £
Capital grant	2,660	2,660
Revenue grant	66,667	67,028
	<hr/>	<hr/>
	69,327	69,688
	<hr/>	<hr/>