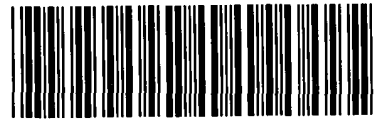


**Strategic Report, Report of the Directors and
Financial Statements for the Period 1 April 2018 to 30 September 2018**
for
Blends Ltd

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for the Period 1 April 2018 to 30 September 2018**

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Blends Ltd

**Company Information
for the Period 1 April 2018 to 30 September 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 Period 1 April 2018 to 30 September 2018**

The directors present their strategic report for the period 1 April 2018 to 30 September 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 purchasing our additional building Picton House on Kitling Road. Our average employee number total of 57 has trebled since our move to Blends House. Our achievements were recognised at the Knowsley Business Regeneration Awards where we were Small Business of the Year in both 2012 and 2015 and more recently 2017. We have been nominated for Medium Size Business of the Year and Excellence in Manufacturing and Logistics for 2018.

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 has been steady after the volatile and unprecedented supply in the previous year. The product almost doubled 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.

**Strategic Report
for the Period 1 April 2018 to 30 September 2018**

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 have recruited an Applications Technologist who can assist in development in this area. Also looking to recruit a Factory Manager to increase productivity.

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%.

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. Our new Transport Manager who was appointed from within our team continues development and training in this area. We have a newly appointed Health and Safety Manager promoted internally.

Analysis

Sales were up from

2017 -10,531,509

2018- 13,258,185

April - September 2018 -9,315,755

There has been an increase in turnover of 40.53% when the p/e 30/09/18 turnover is grossed up to 12 months.

Cost of sales percentage is down from 34.3% to 30.28% for the half yearly accounts.

Gross Profit Margin was up from the previous period to 19.37%

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.

From 1st October Blends Limited and Blends Flavours and Colours Ltd are trading as two separate entities. This will allow a clearer picture of the commodity business compared with the flavour and colour speciality 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

Date: 4/4/19

Blends Ltd (Registered number: 03537679)

**Report of the Directors
for the Period 1 April 2018 to 30 September 2018**

The directors present their report with the financial statements of the company for the period 1 April 2018 to 30 September 2018.

PRINCIPAL ACTIVITY

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

DIVIDENDS

No dividends will be distributed for the period ended 30 September 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

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

MATTERS COVERED IN THE STRATEGIC REPORT

As permitted by S414c(11) of Companies Act 2006, the director has elected to disclose information, required to be in the director's report by schedule 7 of the 'Large and Medium-sized Companies, and Groups (Accounts and Reports) Regulation 2008, in the Strategic report.

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)

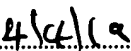
**Report of the Directors
for the Period 1 April 2018 to 30 September 2018**

AUDITORS

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

ON BEHALF OF THE BOARD:


.....
Mr M D Rowark - Director

Date: 

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 period ended 30 September 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 30 September 2018 and of its profit for the period 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, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

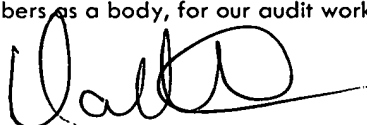
Auditors' responsibilities for the audit of the financial statements

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: 4.4.2019

Income Statement
for the Period 1 April 2018 to 30 September 2018

	Notes	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
TURNOVER	3	9,315,755	13,258,185
Cost of sales		(7,511,153)	(10,773,128)
GROSS PROFIT		1,804,602	2,485,057
Administrative expenses		(1,288,621)	(2,303,045)
		515,981	182,012
Other operating income		43,398	74,269
OPERATING PROFIT	5	559,379	256,281
Interest receivable and similar income		321	2,764
		559,700	259,045
Interest payable and similar expenses	7	(25,422)	(46,875)
PROFIT BEFORE TAXATION		534,278	212,170
Tax on profit	8	(64,217)	130,466
PROFIT FOR THE FINANCIAL PERIOD		470,061	342,636

The notes form part of these financial statements

Blends Ltd (Registered number: 03537679)

**Other Comprehensive Income
for the Period 1 April 2018 to 30 September 2018**

	Notes	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
PROFIT FOR THE PERIOD		470,061	342,636
OTHER COMPREHENSIVE INCOME			
Revaluation		-	251,304
Income tax relating to other comprehensive income		-	-
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		-	251,304
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>470,061</u>	<u>593,940</u>

The notes form part of these financial statements

Balance Sheet
30 September 2018

	Notes	30.9.18 £	31.3.18 £
FIXED ASSETS			
Tangible assets	10	4,543,581	4,551,183
CURRENT ASSETS			
Stocks	11	1,676,030	1,761,156
Debtors	12	4,307,923	2,991,671
Cash at bank		76,129	34,028
		<u>6,060,082</u>	<u>4,786,855</u>
CREDITORS			
Amounts falling due within one year	13	(5,879,223)	(5,000,125)
NET CURRENT ASSETS/(LIABILITIES)		<u>180,859</u>	<u>(213,270)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,724,440</u>	<u>4,337,913</u>
CREDITORS			
Amounts falling due after more than one year	14	(1,442,939)	(1,535,242)
PROVISIONS FOR LIABILITIES	19	<u>(97,474)</u>	<u>(88,705)</u>
NET ASSETS		<u><u>3,184,027</u></u>	<u><u>2,713,966</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	100	100
Revaluation reserve	21	600,848	600,848
Retained earnings	21	2,583,079	2,113,018
SHAREHOLDERS' FUNDS		<u><u>3,184,027</u></u>	<u><u>2,713,966</u></u>

The financial statements were approved by the Board of Directors on 4/9/19 and were signed on its behalf by:

M. D. Rowark
Mr M D Rowark - Director

**Statement of Changes in Equity
for the Period 1 April 2018 to 30 September 2018**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 April 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
Changes in equity				
Total comprehensive income	-	470,061	-	470,061
Balance at 30 September 2018	100	2,583,079	600,848	3,184,027

The notes form part of these financial statements

Cash Flow Statement

for the Period 1 April 2018 to 30 September 2018

	Notes	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Cash flows from operating activities			
Cash generated from operations	1	320,941	116,420
Interest paid		(21,406)	(42,741)
Interest element of hire purchase payments paid		(4,016)	(4,134)
Tax paid		34,376	(4,891)
Net cash from operating activities		<u>329,895</u>	<u>64,654</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(85,632)	(160,044)
Sale of tangible fixed assets		10,778	17,700
Interest received		321	2,764
Net cash from investing activities		<u>(74,533)</u>	<u>(139,580)</u>
Cash flows from financing activities			
Loan repayments in year		(90,417)	(217,000)
Capital repayments in year		(4,303)	17,248
Amount introduced by directors		5,711	159,940
Amount withdrawn by directors		(92,897)	(151,087)
Equity dividends paid		-	(159,940)
Net cash from financing activities		<u>(181,906)</u>	<u>(350,839)</u>
Increase/(decrease) in cash and cash equivalents		<u>73,456</u>	<u>(425,765)</u>
Cash and cash equivalents at beginning of period	2	<u>(1,536,454)</u>	<u>(1,110,689)</u>
Cash and cash equivalents at end of period	2	<u><u>(1,462,998)</u></u>	<u><u>(1,536,454)</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Period 1 April 2018 to 30 September 2018**

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

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Profit for the financial period	470,061	342,636
Depreciation charges	85,857	229,676
Profit on disposal of fixed assets	(3,401)	(4,705)
Finance costs	25,422	46,875
Finance income	(321)	(2,764)
Taxation	64,217	(130,466)
	<u>641,835</u>	<u>481,252</u>
Decrease/(increase) in stocks	85,126	(711,085)
Increase in trade and other debtors	(1,277,024)	(812,075)
Increase in trade and other creditors	871,004	1,158,328
	<u>871,004</u>	<u>1,158,328</u>
Cash generated from operations	<u><u>320,941</u></u>	<u><u>116,420</u></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:

Period ended 30 September 2018

	30.9.18 £	1.4.18 £
Cash and cash equivalents	76,129	34,028
Bank overdrafts	(1,539,127)	(1,570,482)
	<u>(1,462,998)</u>	<u>(1,536,454)</u>

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>

**Notes to the Financial Statements
for the Period 1 April 2018 to 30 September 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.

The current reporting period has been shortened to a 6 month period to align with a restructure of the business.

Due to this change, the prior year comparatives are not entirely comparable.

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 at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attached to them and the grants will be received.

Government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant intended to compensate.

Capital grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

Stocks

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

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**Notes to the Financial Statements - continued
for the Period 1 April 2018 to 30 September 2018**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the period 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 period 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.

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:

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Products	9,118,713	13,014,579
Service	147,078	194,275
Commission	49,964	49,331
	<u>9,315,755</u>	<u>13,258,185</u>

Notes to the Financial Statements - continued
for the Period 1 April 2018 to 30 September 2018

3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
United Kingdom	9,281,795	13,233,011
Europe	33,960	25,174
	<u>9,315,755</u>	<u>13,258,185</u>

4. EMPLOYEES AND DIRECTORS

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Wages and salaries	720,907	1,249,486
Social security costs	56,999	106,171
Other pension costs	13,023	22,612
	<u>790,929</u>	<u>1,378,269</u>

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

	Period 1.4.18 to 30.9.18	Year Ended 31.3.18
Director	3	3
Sales	3	3
Admin	12	11
Production	33	29
Drivers	2	2
Cleaning	4	3
	<u>57</u>	<u>51</u>

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Directors' remuneration	<u>50,670</u>	<u>100,240</u>

The number of directors to whom retirement benefits were accruing was as follows:

	<u>3</u>	<u>3</u>
Money purchase schemes		

**Notes to the Financial Statements - continued
for the Period 1 April 2018 to 30 September 2018**

5. OPERATING PROFIT

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

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Hire of plant and machinery	15,995	33,112
Depreciation - owned assets	85,857	229,677
Profit on disposal of fixed assets	(3,401)	(4,705)
	<u> </u>	<u> </u>

6. AUDITORS' REMUNERATION

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Fees payable to the company's auditors for the audit of the company's financial statements	4,919	9,390
	<u> </u>	<u> </u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Bank interest	21,406	42,536
Other interest paid	-	205
Hire purchase interest	4,016	4,134
	<u> </u>	<u> </u>
	<u>25,422</u>	<u>46,875</u>

8. TAXATION

Analysis of the tax charge/(credit)

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

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Current tax:		
UK corporation tax	55,448	(30,571)
(Over) under reserve in prior year	-	(53,713)
	<u> </u>	<u> </u>
Total current tax	55,448	(84,284)
Deferred tax	8,769	(46,182)
	<u> </u>	<u> </u>
Tax on profit	<u>64,217</u>	<u>(130,466)</u>

UK corporation tax has been charged at 19% (2018 - 19%).

Notes to the Financial Statements - continued
for the Period 1 April 2018 to 30 September 2018

8. TAXATION - continued

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

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

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Profit before tax	<u>534,278</u>	<u>212,170</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	101,513	40,312
Effects of:		
Expenses not deductible for tax purposes	16,034	43,892
Capital allowances in excess of depreciation	(18,817)	(38,471)
Adjustments to tax charge in respect of previous periods	-	(53,713)
Deferred tax	8,769	(46,182)
Research and Development claim	(43,282)	(81,187)
Surrender for tax credit adjustment	-	4,883
Total tax charge/(credit)	<u>64,217</u>	<u>(130,466)</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the period ended 30 September 2018.

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

9. DIVIDENDS

	Period 1.4.18 to 30.9.18 £	Year Ended 31.3.18 £
Ordinary A Shares shares of £1 each		
Interim	-	149,940
Ordinary B Shares share of £1		
Interim	-	5,000
Ordinary C Shares share of £1		
Interim	-	5,000
	<u>-</u>	<u>159,940</u>

Notes to the Financial Statements - continued
for the Period 1 April 2018 to 30 September 2018

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 April 2018	4,000,000	977,610	266,704	5,244,314
Additions	-	85,632	-	85,632
Disposals	-	(9,828)	-	(9,828)
At 30 September 2018	4,000,000	1,053,414	266,704	5,320,118
DEPRECIATION				
At 1 April 2018	-	478,777	214,354	693,131
Charge for period	-	79,295	6,562	85,857
Eliminated on disposal	-	(2,451)	-	(2,451)
At 30 September 2018	-	555,621	220,916	776,537
NET BOOK VALUE				
At 30 September 2018	4,000,000	497,793	45,788	4,543,581
At 31 March 2018	4,000,000	498,833	52,350	4,551,183

Cost or valuation at 30 September 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	1,053,414	266,704	5,022,766
	4,000,000	1,053,414	266,704	5,320,118

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

	30.9.18	31.3.18
	£	£
Cost	3,702,648	3,702,648

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

Included in the total net book value of plant and machinery and motor vehicles was £122,254 (P/e 31.03.2018 - £108,653) in respect of assets held under finance leases.

11. STOCKS

	30.9.18	31.3.18
	£	£
Stocks	1,676,030	1,761,156

Notes to the Financial Statements - continued
for the Period 1 April 2018 to 30 September 2018

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.18	31.3.18
	£	£
Trade debtors	3,197,119	2,906,455
Other debtors	9,801	11,449
Foreign exchange contracts	891,122	-
Directors' current accounts	73,604	-
Tax	30,571	64,947
Prepayments	105,706	8,820
	<u>4,307,923</u>	<u>2,991,671</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.18	31.3.18
	£	£
Bank loans and overdrafts (see note 15)	1,756,127	1,787,482
Hire purchase contracts (see note 16)	49,556	51,973
Trade creditors	2,362,898	2,548,710
Tax	55,448	-
Social security and other taxes	27,341	28,272
VAT	646,937	447,140
Other creditors	61,203	103,566
Foreign exchange contracts	889,663	-
Directors' current accounts	4,380	17,962
Accrued expenses	25,670	15,020
	<u>5,879,223</u>	<u>5,000,125</u>

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

	30.9.18	31.3.18
	£	£
Bank loans (see note 15)	1,392,416	1,482,833
Hire purchase contracts (see note 16)	50,523	52,409
	<u>1,442,939</u>	<u>1,535,242</u>

The bank loan must be repaid by 28 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.

15. LOANS

An analysis of the maturity of loans is given below:

	30.9.18	31.3.18
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,539,127	1,570,482
Bank loans	217,000	217,000
	<u>1,756,127</u>	<u>1,787,482</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>1,392,416</u>	<u>217,000</u>

Notes to the Financial Statements - continued
for the Period 1 April 2018 to 30 September 2018

15. LOANS - continued

	30.9.18 £	31.3.18 £
Amounts falling due between two and five years:		
Bank loans - 2-5 years	-	1,265,833

16. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	30.9.18 £	31.3.18 £
Net obligations repayable:		
Within one year	49,556	51,973
Between one and five years	50,523	52,409
	<u>100,079</u>	<u>104,382</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	30.9.18 £	31.3.18 £
Bank overdrafts	1,539,127	1,570,482
Bank loans	1,609,416	1,699,833
Hire purchase contracts	100,079	104,382
	<u>3,248,622</u>	<u>3,374,697</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. FINANCIAL INSTRUMENTS

The company enters into foreign currency option contracts to mitigate the exchange rate risk for certain foreign currency payables. At 30 September 2018, the company is committed to buy €1,000,000.

The foreign currency options contracts are measured at fair value. The fair value of the foreign contract asset is £891,122 and the fair value of the foreign currency contract liability is £889,663.

19. PROVISIONS FOR LIABILITIES

	30.9.18 £	31.3.18 £
Deferred tax	<u>97,474</u>	<u>88,705</u>

Notes to the Financial Statements - continued
for the Period 1 April 2018 to 30 September 2018

19. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 April 2018	88,705
Charge to Income Statement during period	8,769
	<hr/>
Balance at 30 September 2018	97,474
	<hr/>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	30.9.18 £	31.3.18 £
Number:	Class:			
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/>

21. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 April 2018	2,113,018	600,848	2,713,866
Profit for the period	470,061		470,061
	<hr/>	<hr/>	<hr/>
At 30 September 2018	2,583,079	600,848	3,183,927
	<hr/>	<hr/>	<hr/>

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the period ended 30 September 2018 and the year ended 31 March 2018:

	30.9.18 £	31.3.18 £
Mr M D Rowark		
Balance outstanding at start of period	-	-
Amounts advanced	73,604	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	73,604	-
	<hr/>	<hr/>

Overdrawn Director Loan Account was cleared within 9 months of the year end via a dividend.

**Notes to the Financial Statements - continued
for the Period 1 April 2018 to 30 September 2018**

23. GOVERNMENT GRANTS

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

	30.09.18 £	31.03.18 £
Capital grant	2,660	2,660
Revenue grant	32,003	66,667
	<u>34,663</u>	<u>69,327</u>