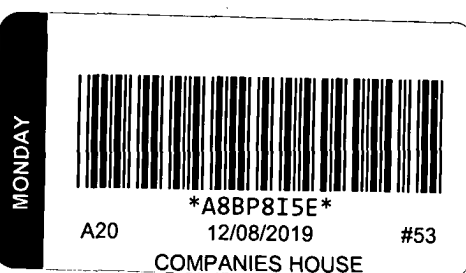


**A&E Leisure Limited**

**Annual report and financial statements**

**Registered number 04223269**

**For the year ended 30 November 2018**



## Contents

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements	4
Independent auditor's report to the members of A&E Leisure Limited	5
Profit and loss account and Other Comprehensive Income	8
Balance sheet	9
Statement of Changes in Equity	10
Cash flow statement	11
Notes	12

## Strategic report

The directors present their annual report and the audited financial statements for the year ended 30 November 2018.

### Principal activities

The principal activity of the company are the provision of a wide range of quality furniture, umbrellas, awnings, area management products and outdoor structures (including play equipment) to customers who wish to create or improve outdoor areas to maximise their returns.

### Business review

The results for the year are detailed on page 8.

Turnover decreased to £8,577,115 (2017: £9,162,346).

Operating profit was £494,143 compared to £748,804 in the previous year, whilst the profit on ordinary activities before taxation decreased to £442,828 from £684,074. The company made a profit after taxation of £366,727 (2017: £562,265).

The performance is in line with the expectations of the directors and reflects the ongoing trading performance of the company.

### Key performance indicators (KPIs)

KPIs used by management are margins over gross profit, operating profit and net profit all of which can be determined from the information on page 8. Management accounts and cash flow forecasts are produced on at least a monthly basis to facilitate variance analysis and maintain liquidity especially in seasonal periods.

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are structured in order to minimise risks which include supply constraints, seasonal demand, product design, health and safety, competitions and customer base risk.

The company is structured to manage these risks and challenges with a team of experienced management level personnel led by directors Richard Smith and Jenny Green. The directors have been involved in the industry for more than 25 years and are joint shareholders of the company.

### Financial risks

The company seeks to manage financial risk by ensuring that operations and investment in plant and buildings is done via suitable financial vehicles appropriate to the asset return. Cash flow for operations is monitored closely to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

### Credit risk

The company has a robust credit analysis and debt collection procedure for new and current customers. This involves credit checking customers and operating accounts with a defined limit, but also using current information including payment history; re-saleability of product and structured stage payments where appropriate.

### Liquidity risk

Cash flow is monitored closely to minimise the need to borrow money from outside the company in times of seasonal fluctuations.

## **Strategic Report** *(continued)*

### **Exchange rate risk**

The company monitors exchange rates and forecasts purchases; matches income and receipts in the same currencies where possible; plans purchase foreign currency on the forward market where prudent; and purchases foreign currency in the spot market where appropriate.

### **Recruitment and employee relations**

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

We currently have around 70 personnel over 3 sites with the relevant skills and expertise to design, manufacture, conduct site surveys, installations and deliveries.

We have a low staff turnover. Many of the personnel have attained 10 years' service within the business and have gained valuable experience from the challenges they have worked through to use in the future.

We recruit a temporary warehouse and driver team to assist us during seasonal highs.

Regular team meetings are held to update team members and to problem solve. Reviews are held on a regular basis to reward and identify training needs. In-house and external training events are held to ensure all staff are competent and safe in their roles.

### **Summary**

A&E Leisure has a solid financial base and a strong asset backing. There has been continuous reinvestment in the business platform for growth.

Financial systems and controls are strong and the policy of maximum opportunity and minimum risk is implemented successfully.

### **Future prospects**

There is a definite trend towards eating out and using outdoor areas in all levels of the market place and we look to take these opportunities to provide wider service and products.

Our offering is unique in the market as we can provide a wide product range and comprehensive services. This strategy is one the directors are keen to pursue as unique products and services enable better margins.

We are confident of the future with a clear strategy as to how the company can achieve growth and improve profitability.

By order of the board



**RJ Smith**  
Director

## Directors' report

The directors present their report and the audited financial statements for the year ended 30 November 2018.

### Directors and directors' interests

The directors who held office during the year were as follows:

JS Green  
RJ Smith

### Dividend

A dividend of £137,410 was paid in the year (2017: £112,410).

### Political and charitable contributions

The company made no political contributions during the year (2017: £nil). Donations to UK charities amounted to £1,140 (2017: £100).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor shall be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**RJ Smith**  
Director

## **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

Arlington Business Park  
Theale  
Reading  
RG7 4SD  
United Kingdom

**Independent auditor's report to the members of A&E Leisure Limited**

**Opinion**

We have audited the financial statements of A&E Leisure Limited ("the company") for the year ended 30 November 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**The impact of uncertainties due to Britain exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## **Independent auditor's report to the members of A&E Leisure Limited**

*(continued)*

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.



## **Independent auditor's report to the members of A&E Leisure Limited**

*(continued)*

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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 an auditor's 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Derek McAllan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

9 / 8 / 19

**Profit and loss account and Other Comprehensive Income**  
*for the year ended 30 November 2018*

	<i>Note</i>	<b>2018</b> £	<b>2017</b> £
<b>Turnover</b>	2	8,577,115	9,162,346
Cost of sales		(5,063,063)	(5,296,903)
<b>Gross profit</b>		<b>3,514,052</b>	<b>3,865,443</b>
Administrative expenses		(3,019,909)	(3,116,639)
<b>Operating profit</b>	3	<b>494,143</b>	<b>748,804</b>
Interest receivable and similar income	6	494	384
Interest payable and similar charges	7	(51,809)	(65,114)
<b>Profit on ordinary activities before taxation</b>		<b>442,828</b>	<b>684,074</b>
Tax on profit on ordinary activities	8	(76,101)	(121,809)
<b>Profit for the year</b>		<b>366,727</b>	<b>562,265</b>
<b>Total comprehensive income for the year</b>		<b>366,727</b>	<b>562,265</b>

The notes on pages 12 to 20 form part of these financial statements.

**Balance sheet**  
*at 30 November 2018*

	<i>Note</i>	<b>2018</b> £	<b>2018</b> £	<b>2017</b> £	<b>2017</b> £
<b>Fixed assets</b>					
Tangible assets	9	3,834,580		3,780,642	
Intangible assets	10	13,950		18,600	
			<b>3,848,530</b>		<b>3,799,242</b>
<b>Current assets</b>					
Stock	11	2,541,703		2,140,553	
Debtors	12	1,438,113		1,788,498	
Cash		512,364		583,049	
		<b>4,492,180</b>		<b>4,512,100</b>	
<b>Creditors: amounts falling due within one year</b>	13	<b>(2,292,536)</b>		<b>(2,239,305)</b>	
<b>Net current assets</b>			<b>2,199,644</b>		<b>2,272,795</b>
<b>Total assets less current liabilities</b>			<b>6,048,174</b>		<b>6,072,037</b>
<b>Creditors: amounts falling due after more than one year</b>	14		<b>(800,547)</b>		<b>(1,021,727)</b>
<b>Provisions for liabilities</b>	15		<b>(38,000)</b>		<b>(70,000)</b>
<b>Net assets</b>			<b>5,209,627</b>		<b>4,980,310</b>
<b>Capital and reserves</b>					
Called up share capital	16		40,000		40,000
Other reserves			10,000		10,000
Profit and loss account			5,159,627		4,930,310
<b>Shareholders' funds</b>			<b>5,209,627</b>		<b>4,980,310</b>

The notes on pages 12 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 06/08/2019 and were signed on its behalf by:



**RJ Smith**  
Director

## Statement of Changes in Equity

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
Balance at 1 December 2017	40,000	10,000	4,480,455	4,530,455
Profit for the year	-	-	562,265	562,265
<b>Total comprehensive income for the year</b>	-	-	562,265	562,265
Dividend paid	-	-	(112,410)	(112,410)
<b>Balance at 30 November 2017</b>	<b>40,000</b>	<b>10,000</b>	<b>4,930,310</b>	<b>4,980,310</b>

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Balance at 1 December 2016	40,000	10,000	4,930,310	4,980,310
Profit for the year	-	-	366,727	366,727
<b>Total comprehensive income for the year</b>	-	-	366,727	366,727
Dividend paid	-	-	(137,410)	(137,410)
<b>Balance at 30 November 2018</b>	<b>40,000</b>	<b>10,000</b>	<b>5,159,627</b>	<b>5,209,627</b>

The notes on pages 12 to 20 form part of these financial statements.

**Cash flow statement**  
*for the year ended 30 November 2018*

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the year	366,727	562,265
Adjustments for:		
Depreciation	163,367	177,951
Amortisation	4,650	4,650
Interest receivable and similar income	(494)	(384)
Interest payable and similar charges	51,809	65,114
(Profit)/loss on sale of fixed assets	(3,714)	-
(Increase) in stocks	(401,150)	(107,167)
Decrease/(increase) in debtors	350,385	(781,126)
Increase in creditors	43,356	620,684
Taxation	76,101	121,809
	<hr/> 651,037	<hr/> 663,796
Dividends paid	(137,410)	(112,410)
Interest paid	(51,809)	(65,114)
Tax paid	(150,101)	(121,439)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>311,717</b>	<b>364,833</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible fixed assets	12,500	-
Interest received	494	384
Acquisition of fixed assets	(226,091)	(145,449)
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	<b>(213,097)</b>	<b>(145,065)</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Repayments of loans	(37,853)	(185,866)
New finance leases	(131,452)	(45,590)
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<b>(169,305)</b>	<b>(231,456)</b>
	<hr/>	<hr/>
Net (decrease) in cash and cash equivalents	(70,685)	(11,688)
Cash outflow from financing	169,305	231,456
Cash and cash equivalents at 1 December	(1,067,728)	(1,287,496)
	<hr/>	<hr/>
<b>Cash and cash equivalents at 30 November</b>	<b>(969,108)</b>	<b>(1,067,728)</b>
	<hr/>	<hr/>

The notes on pages 12 to 20 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

#### *Accounting policies*

A&E Leisure Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is Sterling. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### *Going concern*

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### *Fixed assets and depreciation*

##### *Tangible assets*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Land & buildings freehold	-	0%/5% per annum on reducing balance
Land & buildings leasehold	-	5% per annum on reducing balance
Vehicles	-	25% per annum on reducing balance
Plant and machinery	-	20% per annum on reducing balance
Fixtures, fittings and equipment	-	20% per annum on reducing balance

##### *Intangible asset*

The intangible software asset is being amortised straight line over 5 years.

#### *Leases*

##### *Operating leases*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of delivery costs to the warehouse.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Research and development expenditure*

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed.

#### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. 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.

#### *Employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Notes (continued)

### 1 Accounting policies (continued)

#### Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### Turnover

Turnover is shown net of Value Added Tax, of goods sold and services provided to customers.

### 2 Analysis of turnover and profit on ordinary activities before taxation

The directors consider that all turnover and the profit on ordinary activities before taxation is derived from the same activity and arises wholly in the United Kingdom.

### 3 Expenses and auditor's remuneration

	2018 £	2017 £
<i>Included in the profit are the following:</i>		
Auditor's remuneration:		
Audit of these financial statements	15,000	13,400
Other services	5,000	3,000
Depreciation of tangible fixed assets:		
Owned by the company	88,321	125,150
Held under finance leases	75,046	52,801
Amortisation of intangible asset	4,650	4,650
Rentals payable under operating leases:		
Land and buildings	80,000	80,000
Plant & machinery	11,371	7,186
(Gain)/losses on foreign exchange	(4,099)	4,974
Research and development	8,030	7,552
	<hr/>	<hr/>

### 4 Remuneration of directors

	2018 £	2017 £
Directors' emoluments:		
Remuneration as executives	118,590	93,443
	<hr/>	<hr/>



## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Factory and warehouse	15	18
Installers	21	17
Selling and marketing	12	12
Administration	22	22
	<hr/>	<hr/>
	70	69
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	2,159,194	2,072,433
Social security costs	223,580	223,667
Other pension costs	24,856	13,897
	<hr/>	<hr/>
	2,407,630	2,309,997
	<hr/>	<hr/>

### 6 Interest receivable and similar income

	2018	2017
	£	£
Bank interest	494	384
	<hr/>	<hr/>

### 7 Interest payable and similar charges

	2018	2017
		£
Mortgage interest	19,843	22,096
Director's Loan interest	17,096	21,719
Other interest	14,870	21,299
	<hr/>	<hr/>
	51,809	65,114
	<hr/>	<hr/>

## Notes (continued)

### 8 Taxation

#### Total tax expense recognised in the profit and loss account:

	2018 £	2017 £
<i>Current UK corporation tax:</i>		
UK corporation tax charge at 19% (2018: 20%)	102,000	144,000
Adjustment in respect of prior years	6,101	(154)
	<u>108,101</u>	<u>143,846</u>
<i>Deferred tax:</i>		
Movement in deferred tax:		
Adjustment in respect of prior year	(20,000)	(14,037)
Current year	(12,000)	(8,000)
	<u>76,101</u>	<u>121,809</u>

#### Reconciliation of effective tax rate:

	2018 £	2017 £
Profit for the year	366,727	562,265
Total tax expense	<u>76,101</u>	<u>121,809</u>
Profit on ordinary activities before tax	<u>442,828</u>	<u>684,074</u>
Current tax at 19% (2018: 20%)	84,137	136,815
<i>Effects of:</i>		
Other timing differences	5,863	(815)
Adjustment in respect of prior years	(13,899)	(14,191)
Total tax charge – see above	<u>76,101</u>	<u>121,809</u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current and deferred tax charge accordingly.

## Notes (continued)

### 9 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings and equipment £	Plant and machinery £	Vehicles £	Total £
<b>Cost</b>						
At beginning of year	3,449,337	100,487	84,980	224,697	857,746	4,717,247
Additions	133,058	8,498	3,606	4,595	76,334	226,091
Disposals	-	-	-	-	(27,518)	(27,518)
At end of year	3,582,395	108,985	88,586	229,292	906,562	4,915,820
<b>Depreciation</b>						
At beginning of year	241,778	21,961	45,582	146,662	480,622	936,605
Charge for year	32,360	4,025	8,179	16,107	102,696	163,367
Released on disposals	-	-	-	-	(18,732)	(18,732)
At end of year	274,138	25,986	53,761	162,769	564,586	1,081,240
<b>Net book value</b>						
At 30 November 2018	3,308,257	82,999	34,825	66,523	341,976	3,834,580
At 30 November 2017	3,207,559	78,526	39,398	78,035	377,124	3,780,642

Depreciation charged in the year in respect of assets held under finance leases amounted to £75,046 (2017: £52,801). The net book value of these assets at 30 November 2018 was £149,862 (2017: £241,500).

### 10 Intangible asset – software

	£
<b>Cost</b>	
At beginning of year	23,250
Additions	-
At end of year	23,250
<b>Amortisation</b>	
At beginning of year	4,650
Charge for year	4,650
At end of year	9,300
<b>Net book value</b>	
At 30 November 2018	13,950
At 30 November 2017	18,600

## Notes (continued)

### 11 Stock

	2018 £	2017 £
Finished goods	2,005,001	1,565,116
Raw materials and consumables	536,702	575,437
	<u>2,541,703</u>	<u>2,140,553</u>

### 12 Debtors

	2018 £	2017 £
Trade debtors	1,426,689	1,769,539
Other debtors, prepayments and accrued income	11,424	18,959
	<u>1,438,113</u>	<u>1,788,498</u>

### 13 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loan	104,666	104,666
Net obligations under finance leases	45,894	45,894
Trade creditors	944,022	986,825
Corporation tax	102,000	144,000
Other taxes and social security	286,485	261,655
Directors' loan account	530,365	478,490
Other creditors	32,860	75,470
Accruals and deferred income	246,244	142,305
	<u>2,292,536</u>	<u>2,239,305</u>

### 14 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loan	718,288	808,016
Net obligations under finance leases	82,259	213,711
	<u>800,547</u>	<u>1,021,727</u>

## Notes (continued)

### 14 Creditors: amounts falling due after more than one year (continued)

The bank loan falls due for repayment as follows:

	2018 £	2017 £
Due within one year	104,666	104,666
After more than one year but less than five years	718,288	808,016
	<u>822,954</u>	<u>912,682</u>

The bank loan is secured against the property at 15 Cradock Road, Reading and its associated assets.

The maturity of obligations under finance leases is as follows:

	2018 £	2017 £
Within one year	45,894	45,894
In the second to fifth years	82,259	213,711
	<u>128,153</u>	<u>259,605</u>

### 15 Provisions for liabilities – deferred tax (accelerated capital allowances)

	£
Provision brought forward	70,000
Movement in the year	(32,000)
Provision carried forward	<u>38,000</u>

### 16 Called up share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

## Notes (continued)

### 17 Commitments

At 30 November 2018 there were no capital commitments (2017 *£nil*).

Non-cancellable operating leases are payable as follows:

	2018 £	2017 £
Within one year	80,000	80,000

During the year £80,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £80,000).

### 18 Related party transactions

The property at 9 Cradock Road, Reading which is leased by the company, is owned by the directors JS Green and RJ Smith. During the year rent of £40,000 was paid to JS Green and £40,000 to RJ Smith. Included in creditors is a loan payable to JS Green for £285,319 and RJ Smith for £245,046 (JS Green £239,067, RJ Smith £239,423). The loan charges interest at 4% and is unsecured.

### 19 Controlling parties

The ultimate controlling parties are JS Green and RJ Smith by virtue of each holding 50% of the issued share capital of the company.