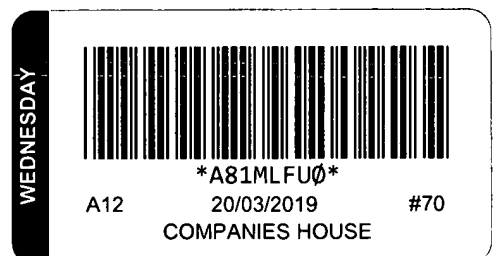


Company Registration No. 04389533 (England and Wales)

**CUSTOM COVERS HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2018**



# CUSTOM COVERS HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr R D Sanders BA, ACA Mr R S P Bell MRINA, CEng, BSc
<b>Secretary</b>	Mr R D Sanders BA, ACA
<b>Company number</b>	04389533
<b>Registered office</b>	Quayside Road Bitterne Manor Southampton SO18 1AD
<b>Auditor</b>	Wilkins Kennedy Audit Services Templars House Lulworth Close Chandlers Ford Southampton Hampshire SO53 3TL

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# CUSTOM COVERS HOLDINGS LIMITED

## CONTENTS

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	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 28

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# CUSTOM COVERS HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 NOVEMBER 2018**

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The directors present the strategic report for the year ended 30 November 2018.

### Review of Business

Custom Covers Holdings Ltd acquired its subsidiary, Custom Covers (1984) Ltd on 23rd May 2002. Custom Covers Holdings Ltd invests retained earnings into equity shares and money market bank accounts as part of its treasury operations.

Consolidated turnover for the year was up 3.3% to £7,338.9k (2017: £7,103.7k) a company record. Gross profit for the year was £2,168k or 29.5% (2017: £2,112k or 29.7%); pre-tax profit for the year was £395.9k or 5.4% (2017: £529.3k or 7.4%).

In summary turnover was up year on year but gross profit was down in percentage terms. This reflects the costs of bringing the new manufacturing facility on stream in a year where extra welding capacity helped maintain margins.

This year's results came against a backdrop of Brexit negotiations and continued Sterling weakness against the Euro with its attendant input price pressure; despite this we continued to see year on year growth in both the PVC business and the Marquee hire business (PVC sales were up 12% year on year and hire sales were up 34% year on year). Both these areas are where we have invested in increased capacity at our Winchester depot. The year to Nov 2018 was the first year the new depot was fully operational for a whole year.

August 2018 saw the company take possession of the old Pipe Centre premises building at the Southampton head office site; the additional 14,800 square feet are in the process of being commissioned, and will be open for business for the second quarter 2019. This will allow the company to relocate frame operations to the new building and also increase PVC manufacturing capacity by a further 12%. This new Southampton facility will offer new opportunities in regard to the development of new products, expansion of the existing frame business and also diversification to support our core market.

This continued expansion and development of both new and old markets is a result of a longer-term strategy to develop and strengthen the company for the future.

We have predicted a year of increased sales on the back of further expansion that will come on stream for the second quarter this year. Our main priority continues to be to invest in the business of our main operating subsidiary and drive profitable revenue growth.

# CUSTOM COVERS HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

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### Principal Risks and Uncertainties

The Group's activities expose it to a number of financial risks: market risk: (foreign exchange and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management procedure focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. In addition, the majority of the Group's revenue derives from its subsidiary's activities as a manufacturing business in which it faces health and safety risk.

Financial risk management is carried out by the finance department under procedures approved by the Managing Director. The Group evaluates and hedges financial risks. Taken in order these risks are as follows.

(a) Market risk (i) Foreign exchange risk: The Group buys a significant % of its raw materials outside the UK and hence has foreign exchange risk. This risk is hedged by the purchase of forward foreign exchange contracts when foreign purchased goods are received. (ii) cash flow interest rate risk is minimal at present as the Group's subsidiary company has a fixed rate loan which will be repaid in October 2027.

(b) Credit risk: credit risk is managed by the finance function. Finance is responsible for managing and analysing the credit risk for new customers before standard payment and delivery terms and conditions are offered. For existing customers credit risk is analysed monthly and reviewed by the management committee. Credit risk arises from cash deposits with banks, as well as credit exposures to retail customers, including outstanding receivables and committed transactions.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash, cash equivalents and equity holdings in listed companies; the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

(c) Liquidity risk The Group monitors its risk to a shortage of funds using a cash flow forecasting model. This model considers the maturity of both its financial assets and financial liabilities (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans where applicable in order to ensure that there is sufficient cash or working capital facilities to meet the requirements of the Group for its current business plan.

Health and Safety risk management is carried out by the Health and Safety committee which reports to the management committee of the group company which sits monthly.

The risk we are managing is the risk of injury, serious injury and death to workplace employees. The Group's operations involve physical labour use of machinery and transport, these operations expose our staff to accidents including RIDDOR incidents. As a Group we have well established training, accident reporting and processes in place to mitigate such risks. These are overseen by the Health and Safety committee which reports to the management committee of the Group which sits monthly. The workings of both committees are reviewed periodically by the Board.

Brexit risk is an additional risk that has been assessed by the Board this year. We believe that demand for the Group's products will be hit if the UK has a disorderly exit from the EU and in addition, the supply chain may face short term disruption. To this end we have ordered in advance extra stock of raw material that originate in Europe in order to mitigate any supply disruption over the March 29th Brexit date. FX exposure for this supply has been hedged.

The Group believes that the terms of the UK exit from the European Union will be orderly with a smooth exit transition as a result of the current Political Deadlock being resolved.

On behalf of the board

Mr R D Sanders BA, ACA

Director

15/3/2019

# CUSTOM COVERS HOLDINGS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 NOVEMBER 2018**

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

### Principal activities

The principal activity of the group continued to be that of manufacturing and supplying marquees and covers.

The principal activity of Custom Covers Holdings Limited was that of a holding company.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R D Sanders BA, ACA

Mr R S P Bell MRINA, CEng, BSc

### Results and dividends

The results for the year are set out on page 8.

A first and final dividend based on the results of the year ended 30 November 2017 was paid in October 2018 making the total dividend for that year £8.30 per share this dividend paid in October 2018 totalled £94,620

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# CUSTOM COVERS HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

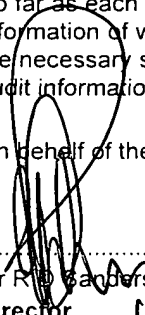
FOR THE YEAR ENDED 30 NOVEMBER 2018

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

  
.....  
Mr R D Sanders BA, ACA

Director

Date: 15/3/2019

# CUSTOM COVERS HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CUSTOM COVERS HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of Custom Covers Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and 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 FRS 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 group's and the parent company's affairs as at 30 November 2018 and of the group's 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 Auditor's *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 group's or the parent 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 included in the annual report, other than the financial statements and our auditor's report 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.



# **CUSTOM COVERS HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CUSTOM COVERS HOLDINGS LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement, 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 is 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's 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 an auditor's report 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# CUSTOM COVERS HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF CUSTOM COVERS HOLDINGS LIMITED

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#### 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 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.

*Wilkins Kennedy Audit Services*

**Michael Wesley FCA (Senior Statutory Auditor)**  
for and on behalf of Wilkins Kennedy Audit Services

.....

**Statutory Auditor**

Templars House  
Lulworth Close  
Chandlers Ford  
Southampton  
Hampshire  
SO53 3TL

15 / 3 / 2019

# CUSTOM COVERS HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	7,338,851	7,103,717
Cost of sales		(5,170,525)	(4,991,563)
<b>Gross profit</b>		<b>2,168,326</b>	<b>2,112,154</b>
Administrative expenses		(1,758,184)	(1,582,613)
Other operating income		1,872	1,920
<b>Operating profit</b>	<b>4</b>	<b>412,014</b>	<b>531,461</b>
Interest receivable and similar income	8	10,612	1,001
Interest payable and similar expenses	9	(26,724)	(9,293)
<b>Profit before taxation</b>		<b>395,902</b>	<b>523,169</b>
Tax on profit	10	(68,732)	(99,206)
<b>Profit for the financial year</b>		<b>327,170</b>	<b>423,963</b>
<b>Other comprehensive income</b>			
Profit or loss on investments		-	9,987
Revaluation reserve		-	(3,587)
<b>Total comprehensive income for the year</b>		<b>327,170</b>	<b>430,093</b>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# CUSTOM COVERS HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 30 NOVEMBER 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	12	3,056,805	3,035,600
<b>Current assets</b>			
Stocks	16	756,626	1,005,678
Debtors	17	729,597	728,098
Investments	18	55,611	49,495
Cash at bank and in hand		1,789,460	1,388,416
		<u>3,331,294</u>	<u>3,171,687</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(1,313,016)</u>	<u>(1,281,648)</u>
<b>Net current assets</b>		2,018,278	1,890,039
<b>Total assets less current liabilities</b>		<u>5,075,083</u>	<u>4,925,639</u>
<b>Creditors: amounts falling due after more than one year</b>	20	(794,292)	(881,282)
<b>Provisions for liabilities</b>	22	(101,460)	(97,576)
<b>Net assets</b>		<u>4,179,331</u>	<u>3,946,781</u>
<b>Capital and reserves</b>			
Called up share capital	24	11,400	11,400
Share premium account		178,952	178,952
Revaluation reserve		348,984	352,843
Capital redemption reserve		567,221	567,221
Profit and loss reserves		3,072,774	2,836,365
<b>Total equity</b>		<u>4,179,331</u>	<u>3,946,781</u>

The financial statements were approved by the board of directors and authorised for issue on .....  
and are signed on its behalf by:

.....  
Mr R D Sanders BA, ACA  
Director

15/3/2019

# CUSTOM COVERS HOLDINGS LIMITED

## COMPANY BALANCE SHEET

AS AT 30 NOVEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Investments	13		1,171,661		1,171,661
<b>Current assets</b>					
Investments	18	55,611		49,495	
Cash at bank and in hand		578,728		464,926	
		<u>634,339</u>		<u>514,421</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(3,000)</u>		<u>(2,311)</u>	
<b>Net current assets</b>			631,339		512,110
<b>Total assets less current liabilities</b>			<u>1,803,000</u>		<u>1,683,771</u>
<b>Capital and reserves</b>					
Called up share capital	24		11,400		11,400
Share premium account			178,952		178,952
Capital redemption reserve			567,221		567,221
Profit and loss reserves			1,045,427		926,198
<b>Total equity</b>			<u>1,803,000</u>		<u>1,683,771</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £213,849 (2017 - £237,503).

The financial statements were approved by the board of directors and authorised for issue on .....  
and are signed on its behalf by:

.....  
Mr R D Sanders BA, ACA  
Director

15/3/2019

Company Registration No. 04389533

# CUSTOM COVERS HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 December 2016		11,400	178,952	356,700	567,221	2,402,415	3,516,688
Year ended 30 November 2017:							
Profit and total comprehensive income for the year		-	-	-	-	430,093	430,093
Transfers		-	-	(3,857)	-	3,857	-
Balance at 30 November 2017		11,400	178,952	352,843	567,221	2,836,365	3,946,781
Year ended 30 November 2018:							
Profit and total comprehensive income for the year		-	-	-	-	327,170	327,170
Dividends	11	-	-	-	-	(94,620)	(94,620)
Transfers		-	-	(3,859)	-	3,859	-
Balance at 30 November 2018		11,400	178,952	348,984	567,221	3,072,774	4,179,331

# CUSTOM COVERS HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 December 2016</b>		11,400	178,952	567,221	682,565	1,440,138
<b>Year ended 30 November 2017:</b>						
Profit and total comprehensive income for the year		-	-	-	243,633	243,633
<b>Balance at 30 November 2017</b>		11,400	178,952	567,221	926,198	1,683,771
<b>Year ended 30 November 2018:</b>						
Profit and total comprehensive income for the year		-	-	-	213,849	213,849
Dividends	11	-	-	-	(94,620)	(94,620)
<b>Balance at 30 November 2018</b>		11,400	178,952	567,221	1,045,427	1,803,000

# CUSTOM COVERS HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	862,755		660,282	
Interest paid		(26,724)		(9,293)	
Income taxes paid		(68,852)		(89,306)	
<b>Net cash inflow from operating activities</b>		767,179		561,683	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(230,622)		(1,450,832)	
Proceeds on disposal of tangible fixed assets		40,186		7,800	
Gain on revaluation of current asset investments		(6,116)		-	
Interest received		10,612		1,001	
<b>Net cash used in investing activities</b>		(185,940)		(1,442,031)	
<b>Financing activities</b>					
Proceeds of new bank loans		-		975,000	
Repayment of bank loans		(85,575)		(7,041)	
Dividends paid to equity shareholders		(94,620)		-	
<b>Net cash (used in)/generated from financing activities</b>		(180,195)		967,959	
<b>Net increase in cash and cash equivalents</b>		401,044		87,611	
Cash and cash equivalents at beginning of year		1,388,416		1,300,805	
<b>Cash and cash equivalents at end of year</b>		1,789,460		1,388,416	



# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2018

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### 1 Accounting policies

#### Company information

Custom Covers Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Quayside Road, Bitterne Manor, Southampton, SO18 1AD.

The group consists of Custom Covers Holdings Limited and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, except that as disclosed in the principal accounting policies as set out below.

The consolidated financial statements incorporate those of Custom Covers Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	10% on cost and 1% on cost
Plant and machinery	10% on cost
Fixtures and fittings	20% on cost and 10% on cost
Computers	20% on cost
Motor vehicles	20% on cost
Hire equipment	PVC and lining equipment 20% reducing balance, frame 10% reducing balance. No depreciation charge in the year of manufacture or inclusion in hire equipment.

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

The more permanent nature of the hire equipment included in stock is recognised and transferred to fixed assets on 30 November 2017.

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 1 Accounting policies

(Continued)

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 1 Accounting policies (Continued)

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
The sale of goods	6,416,851	6,155,717
The rendering of services	922,000	948,000
	<u>7,338,851</u>	<u>7,103,717</u>
	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	6,980,851	6,925,253
Rest of Europe	349,000	176,484
Rest of the World	9,000	1,980
	<u>7,338,851</u>	<u>7,103,717</u>

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	-	9,260
Depreciation of owned tangible fixed assets	172,614	109,056
Profit on disposal of tangible fixed assets	(3,383)	(7,790)
Cost of stocks recognised as an expense	3,315,761	3,356,554
Operating lease charges	86,116	66,000
	<u>86,116</u>	<u>66,000</u>

### 5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	3,500	3,543
Audit of the financial statements of the company's subsidiaries	11,000	11,000
	<u>14,500</u>	<u>14,543</u>
<b>For other services</b>		
Other taxation services	2,533	1,318
	<u>2,533</u>	<u>1,318</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Production staff	64	64	-	-
Administrative staff	18	15	-	-
	<u>82</u>	<u>79</u>	<u>-</u>	<u>-</u>

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	2,277,144	2,217,795	-	-
Social security costs	225,359	216,885	-	-
Pension costs	56,576	41,691	-	-
	<u>2,559,079</u>	<u>2,476,371</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	249,716	259,240
Company pension contributions to defined contribution schemes	5,326	5,326
	<u>255,042</u>	<u>264,566</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	<u>143,708</u>	<u>152,095</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

### 8 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	5,178	974
Other interest income	-	27
Total interest revenue	<u>5,178</u>	<u>1,001</u>
<b>Other income from investments</b>		
Gains on financial instruments measured at fair value through profit or loss	5,434	-
Total income	<u>10,612</u>	<u>1,001</u>

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

### 9 Interest payable and similar expenses

	2018	2017
	£	£
Interest on bank overdrafts and loans	26,724	9,293

### 10 Taxation

	2018	2017
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	64,848	68,098
<b>Deferred tax</b>		
Origination and reversal of timing differences	3,884	31,108
<b>Total tax charge</b>	<b>68,732</b>	<b>99,206</b>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	395,902	523,169
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.33%)	75,221	101,129
Capital allowances in excess of depreciation	(10,619)	(33,271)
Disallowable expenditure	602	611
Income not taxable	(356)	(371)
Movement on deferred tax provision	3,884	31,108
<b>Taxation charge</b>	<b>68,732</b>	<b>99,206</b>

### 11 Dividends

	2018	2017
	£	£
Final paid	94,620	-



# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

### 12 Tangible fixed assets

Group	Freehold buildings £	Plant and machinery £	Fixtures and fittings £	Computers £	Motor vehicles £	Hire equipment £	Total £
<b>Cost or valuation</b>							
At 1 December 2017	2,346,200	1,120,214	135,326	143,591	112,151	237,761	4,095,243
Additions	-	18,450	19,683	24,477	-	168,012	230,622
Disposals	-	-	-	(10,281)	(29,440)	(71,574)	(111,295)
At 30 November 2018	2,346,200	1,138,664	155,009	157,787	82,711	334,199	4,214,570
<b>Depreciation and impairment</b>							
At 1 December 2017	140,446	649,815	67,147	124,064	78,171	-	1,059,643
Depreciation charged in the year	27,754	63,264	11,587	11,950	10,507	47,552	172,614
Eliminated in respect of disposals	-	-	-	(10,269)	(29,425)	(34,798)	(74,492)
At 30 November 2018	168,200	713,079	78,734	125,745	59,253	12,754	1,157,765
<b>Carrying amount</b>							
At 30 November 2018	2,178,000	425,585	76,275	32,042	23,458	321,445	3,056,805
At 30 November 2017	2,205,754	470,400	68,179	19,527	33,979	237,761	3,035,600

The company had no tangible fixed assets at 30 November 2018 or 30 November 2017.

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 12 Tangible fixed assets

(Continued)

Included in cost or valuation of land and buildings is freehold land of £822,808 (2017 - £822,808) which is not depreciated.

The carrying value of land and buildings comprises:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Freehold	2,178,000	2,205,754	-	-

Land and buildings were valued at 23 August 2017 by Vail Williams, Chartered Surveyors not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The directors believe that the valuation was not materially different from that held in the financial statements and therefore did not revalue land and buildings.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Cost	1,813,038	1,813,038	-	-
Accumulated depreciation	(94,528)	(83,151)	-	-
Carrying value	1,718,510	1,729,887	-	-

### 13 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	14	-	-	1,171,661	1,171,661
<b>Company</b>					<b>Shares in group undertakings £</b>
<b>Cost or valuation</b>					
At 1 December 2017 and 30 November 2018					1,171,661
<b>Carrying amount</b>					
At 30 November 2018					1,171,661
At 30 November 2017					1,171,661

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 14 Subsidiaries

Details of the company's subsidiaries at 30 November 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Custom Covers (1984) Limited	England & Wales	Bespoke cover maker	Ordinary	100.00	

### 15 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	686,880	686,785	55,611	49,495
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	1,634,075	1,696,968	-	-

### 16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	411,917	484,163	-	-
Work in progress	11,791	40,193	-	-
Finished goods and goods for resale	332,918	481,322	-	-
	756,626	1,005,678	-	-

### 17 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Amounts falling due within one year:</b>				
Trade debtors	631,269	637,249	-	-
Prepayments and accrued income	98,328	90,849	-	-
	729,597	728,098	-	-

### 18 Current asset investments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Listed investments	55,611	49,495	55,611	49,495

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

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

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	21	88,091	86,676	-	-
Trade creditors		680,673	637,490	-	-
Amounts owed to group undertakings		-	-	-	41
Corporation tax payable		64,848	68,852	-	-
Other taxation and social security		215,661	166,669	-	-
Other creditors		71,019	91,520	-	-
Accruals and deferred income		192,724	230,441	3,000	2,270
		<u>1,313,016</u>	<u>1,281,648</u>	<u>3,000</u>	<u>2,311</u>

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

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	21	<u>794,292</u>	<u>881,282</u>	<u>-</u>	<u>-</u>

### 21 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	<u>882,383</u>	<u>967,958</u>	<u>-</u>	<u>-</u>
Payable within one year	88,091	86,676	-	-
Payable after one year	<u>794,292</u>	<u>881,282</u>	<u>-</u>	<u>-</u>
Amounts included above which fall due after five years:				
Payable by instalments	<u>415,515</u>	<u>502,505</u>	<u>-</u>	<u>-</u>

The bank loan is repayable by monthly instalments at a fixed rate of interest at 2.87%.

HSBC Bank PLC has one outstanding legal mortgage over the land & buildings.

The company has an overdraft facility from HSBC Bank PLC that is secured by two outstanding fixed and floating charges over the undertaking and all property and assets present and future including book and all other debts.

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £
<b>Group</b>		
Accelerated capital allowances	101,460	97,576

	Group 2018 £	Company 2018 £
<b>Movements in the year:</b>		
Liability at 1 December 2017	97,576	-
Charge to profit or loss	3,884	-
Liability at 30 November 2018	101,460	-

### 23 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	56,576	41,691

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 24 Share capital

	Group and company 2018 £	2017 £
<b>Ordinary share capital Issued and fully paid</b>		
11,400 Ordinary of £1 each	11,400	11,400

# CUSTOM COVERS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

### 25 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	82,500	66,000	-	-
Between two and five years	346,000	346,500	-	-
In over five years	271,500	330,000	-	-
	<u>700,000</u>	<u>742,500</u>	<u>-</u>	<u>-</u>

The operating lease includes a break clause on the fifth anniversary of the lease.

### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Acquisition of tangible fixed assets	<u>165,130</u>	<u>-</u>	<u>-</u>	<u>-</u>

## CUSTOM COVERS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

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#### 27 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	327,170	423,963
Adjustments for:		
Taxation charged	68,732	99,206
Finance costs	26,724	9,293
Investment income	(10,612)	(1,001)
Gain on disposal of tangible fixed assets	(3,383)	(7,790)
Depreciation and impairment of tangible fixed assets	172,614	109,056
Movements in working capital:		
Decrease in stocks	249,052	38,529
(Increase) in debtors	(1,499)	(238,699)
Increase in creditors	33,957	227,725
<b>Cash generated from operations</b>	<b>862,755</b>	<b>660,282</b>