

Directors' report and financial statements

Donatantonio Limited

For the year ended: 31 January 2018

Company registration number: 04934963



DONATANTONIO LIMITED

COMPANY INFORMATION

Directors	M Mandavia S Bell
Company secretary	M Mandavia
Registered number	04934963
Registered office	Lupa House York Way Borehamwood Hertfordshire WD6 1PX
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Pennant House 1-2 Napier Court Reading RG1 8BW

DONATANTONIO LIMITED

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DONATANTONIO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2018

Business Review

Donatantonio Limited ("Donatantonio") is an importer, packer and distributor of premium quality foods of predominantly Mediterranean origin.

Normalised EBITDA

The company and its parent, Donatantonio Group Limited comprise a medium sized group.

Normalised earnings before interest, tax, depreciation and amortisation ('EBITDA') for the group as a whole are shown below:

	2018 £	2017 £
Operating profit	305,987	853,241
Depreciation	37,001	41,074
Amortisation	294,271	291,558
Normalised EBITDA	637,259	1,185,873

Strategic Incentives

The Company continued its efforts to grow in three sectors, namely manufacturing, retail and foodservice. Within its pasta business, the Company worked with its largest pasta supplier to pull out from producing egg pasta. This was to eliminate the risk of cross contamination.

DONATANTONIO LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

Principal risks and uncertainties

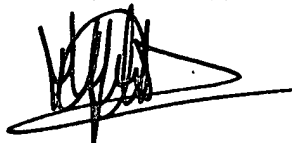
The Company is subject to risks that are common to other companies, and also ones that are specific to being an importer. Careful risk management is fundamental to the ability of the business to execute its strategic objectives.

RISKS	MITIGATION
People The resignation of key team members could adversely impact on the Company's results.	This risk is mitigated through a combination of staff training, competitive remuneration packages and succession planning.
Competition The food import and distribution market is well developed, fragmented and highly competitive.	To mitigate the inherent risks of operating in a highly competitive market, the Company is trying to broaden its business mix by developing its own brands and increasing its presence in the food service market.
Credit Risk Trading on an uninsured basis with customers who have a poor credit rating may give rise to bad debts.	The Company operate rigorous credit control procedures to minimise its exposure to bad debts. In addition, the entire receivables book is covered by an insurance policy.
Foreign Currency Risk Being an importer predominantly from the Eurozone area, the Euro-Sterling currency exchange rate presents a particular risk to the Company.	The business forward buys currency for the entire length of any customer contracts up to a year. It also forward buys currency three months in advance for spot business.

Summary and current trading

The Company had a challenging year, with the result of the Brexit referendum impacting currency and thereby increasing the cost of imported raw materials. Within its pasta business, the Company worked with its largest pasta supplier to pull out from producing egg pasta. This was to eliminate the risk of cross contamination.

This report was approved by the board and signed on its behalf.



M Mandavia
Secretary

Date:

5/9/18

DONATANTONIO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2018

The directors present their report and the financial statements for the year ended 31 January 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £227,677 (2017 - £601,584).

The directors do not recommend a dividend based on these results.

Directors

The directors who served during the year were:

M Mandavia
S Bell

Future developments

The company is expected to continue its focus and diversity in premium quality foods for the foreseeable future.

DONATANTONIO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, MHA MacIntyre Hudson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

M Mandavia
Secretary

Date:


5/9/18

S Bell
Director

Date:


5/9/18

DONATANTONIO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DONATANTONIO LIMITED

Opinion

We have audited the financial statements of Donatantonio Limited (the 'Company') for the year ended 31 January 2018, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 included in the Annual Report, other than the financial statements and our Auditors' 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

DONATANTONIO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DONATANTONIO LIMITED
(CONTINUED)**

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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' responsibilities statement on page 3, 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 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.

DONATANTONIO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DONATANTONIO LIMITED
(CONTINUED)**

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 an Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

Jason Mitchell (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Pennant House
1-2 Napier Court
Reading
RG1 8BW

Date: 11 September 2018

DONATANTONIO LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JANUARY 2018**

	Note	2018 £	2017 £
Turnover	3	17,077,838	23,834,067
Cost of sales		(13,279,979)	(19,143,763)
Gross profit		3,797,859	4,690,304
Distribution costs		(755,931)	(864,184)
Administrative expenses		(2,697,196)	(2,990,770)
Other operating income	4	28,309	40,054
Operating profit	5	373,041	875,404
Interest payable and expenses	8	(79,773)	(107,724)
Profit before tax		293,268	767,680
Tax on profit	9	(65,591)	(166,096)
Profit after tax		227,677	601,584
Retained earnings at the beginning of the year		2,258,012	1,656,428
Profit for the year		227,677	601,584
Retained earnings at the end of the year		2,485,689	2,258,012

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 26 form part of these financial statements.

DONATANTONIO LIMITED
REGISTERED NUMBER:04934963

BALANCE SHEET
AS AT 31 JANUARY 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	10	781,978	885,065
Tangible assets	11	140,750	165,322
		<u>922,728</u>	<u>1,050,387</u>
Current assets			
Stocks	12	2,120,589	2,197,690
Debtors: amounts falling due within one year	13	6,599,265	7,553,496
Cash at bank and in hand		394,574	364,594
		<u>9,114,428</u>	<u>10,115,780</u>
Creditors: amounts falling due within one year	14	(5,730,462)	(7,094,787)
Net current assets		<u>3,383,966</u>	<u>3,020,993</u>
Total assets less current liabilities		<u>4,306,694</u>	<u>4,071,380</u>
Creditors: amounts falling due after more than one year	15	-	(1,127)
Provisions for liabilities			
Deferred tax	17	(11,949)	(3,185)
		<u>(11,949)</u>	<u>(3,185)</u>
Net assets		<u>4,294,745</u>	<u>4,067,068</u>
Capital and reserves			
Called up share capital	18	1,809,056	1,809,056
Profit and loss account		2,485,689	2,258,012
		<u>4,294,745</u>	<u>4,067,068</u>

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

M Mandavia
Director

S Bell
Director

Date:

The notes on pages 10 to 26 form part of these financial statements.

DONATANTONIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

1. Accounting policies

1.1 General information

Donatantonio Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the Company Information page. The nature of the group's operations and its principal activities are set out on the Strategic Report on pages 1-2.

The Company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of financial instruments and presentation of a cash flow statement.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland";

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Donatantonio Group Limited as at 31 January 2018 and these financial statements may be obtained from Lupa House, York Way, Borehamwood, Hertfordshire, WD6 1PX.

1.3 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

1. Accounting policies (continued)

1.4 Going concern

These financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projection for a period of at least 12 months from the date of the signing of the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on this assessment the directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and servicing obligations of external debt liabilities.

In addition, the Company's assets are assessed for recoverability on a regular basis, and the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

1. Accounting policies (continued)

1.6 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place. Where this is not possible to determine, income and expenses items are translated using an average exchange rate for the period.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are not translated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in the profit and loss.

1.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

1. Accounting policies (continued)

1.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	20 years
Design costs	-	10 years

In accordance with the transitional exemption available under FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

1.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- over 10 years
Plant and machinery	- 20% reducing balance
Fixtures and fittings	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

1. Accounting policies (continued)

1.10 Operating leases: lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease. Benefits receivable as operating lease incentives are recognised in the profit and loss on a straight line basis over the period of the lease.

1.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss

1.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

1. Accounting policies (continued)

1.14 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

1.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.16 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.18 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

1. Accounting policies (continued)

1.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

1.20 Foreign exchange forward contracts

The Company uses forward foreign contracts to manage exposure to foreign exchange risk associated with foreign denominated loans. As the contracts are matched to known expected cashflows the associated debtors are translated at the rates that will crystallise on the relevant contracts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the times when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

Critical judgements in applying the company's accounting policies

The directors are happy that there are no critical judgements that have a significant effect on the amounts recognised in the statutory financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(ii) Recoverability of receivables

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of receivables, past experience of recoverability, and the credit profile of individuals or groups of customers.

DONATANTONIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

3. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	16,850,346	23,160,279
Rest of Europe	227,492	673,788
	<u>17,077,838</u>	<u>23,834,067</u>

100% of the turnover relates to the sale of goods.

4. Other operating income

	2018 £	2017 £
Rent receivable	<u>28,309</u>	<u>40,054</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets - owned	35,659	36,191
Depreciation of tangible fixed assets - financed	1,342	4,883
Amortisation of intangible assets, including goodwill	113,419	110,706
Other operating lease rentals	496,511	544,476
Defined contribution pension cost	<u>81,825</u>	<u>67,091</u>

DONATANTONIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of associates of the Company pursuant to legislation	1,500	1,500
Other services provided	750	750
Other services relating to taxation	1,500	1,500
	<u>3,750</u>	<u>3,750</u>

7. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,056,224	1,219,132
Social security costs	119,705	121,264
Cost of defined contribution scheme	81,825	67,091
	<u>1,257,754</u>	<u>1,407,487</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Distribution	9	9
Administrative	24	23
	<u>33</u>	<u>32</u>

No directors are remunerated by the Company (2017: £Nil).

8. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	<u>79,773</u>	<u>107,724</u>

DONATANTONIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	56,960	179,312
Adjustments in respect of previous periods	(133)	-
	<u>56,827</u>	<u>179,312</u>
Deferred tax		
Origination and reversal of timing differences	9,099	(12,396)
Changes to tax rates	(335)	(820)
Total deferred tax	<u>8,764</u>	<u>(13,216)</u>
Taxation on profit on ordinary activities	<u><u>65,591</u></u>	<u><u>166,096</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19.16% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>293,268</u>	<u>767,680</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.16% (2017 - 20%)	56,190	153,536
Effects of:		
Expenses not deductible for tax purposes	20,553	22,062
Adjustment in respect of prior year	(133)	-
Change in tax rate	(335)	(820)
Group relief claimed or surrendered	(9,528)	(9,334)
Deferred tax recognised at lower rate	(1,156)	652
Total tax charge for the year	<u><u>65,591</u></u>	<u><u>166,096</u></u>

DONATANTONIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

9. Taxation (continued)**Factors that may affect future tax charges**

The UK corporation tax rate of 19% (effective from 1 April 2017) will reduce to 17% (effective 1 April 2020). The reduction in tax rate was included in the 2016 Finance Act which was substantively enacted on 6 September 2016.

10. Intangible assets

	Design costs £	Goodwill £	Total £
Cost			
At 1 February 2017	129,480	1,988,455	2,117,935
Additions	10,332	-	10,332
At 31 January 2018	139,812	1,988,455	2,128,267
Amortisation			
At 1 February 2017	38,230	1,194,640	1,232,870
Charge for the year	13,819	99,600	113,419
At 31 January 2018	52,049	1,294,240	1,346,289
Net book value			
At 31 January 2018	87,763	694,215	781,978
At 31 January 2017	91,250	793,815	885,065

Goodwill consists of a material asset of £694,215 (2017: £793,815), which relates to the acquisition of the trade and assets Donatantonio (2005) Limited in 2005. Donatantonio (2005) Limited was a subsidiary and was subsequently dissolved. The carrying value will be written off over the next six years.

DONATANTONIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

11. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 February 2017	108,277	1,115,381	365,550	1,589,208
Additions	-	18,400	7,779	26,179
Disposals	-	(39,390)	-	(39,390)
At 31 January 2018	108,277	1,094,391	373,329	1,575,997
Depreciation				
At 1 February 2017	34,741	1,041,216	347,929	1,423,886
Charge for the year on owned assets	10,614	14,265	12,122	37,001
Disposals	-	(25,640)	-	(25,640)
At 31 January 2018	45,355	1,029,841	360,051	1,435,247
Net book value				
At 31 January 2018	62,922	64,550	13,278	140,750
At 31 January 2017	73,536	74,165	17,621	165,322

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	4,435	19,527

DONATANTONIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

12. Stocks

	2018 £	2017 £
Goods and goods for resale	<u>2,120,589</u>	<u>2,197,690</u>

Stock valued at standard cost recognised in cost of sales during the year as an expense was £13,790,781 (2017: £19,214,927). This amount is larger than the cost of sales value due to various factors, such as fluctuations in exchange rates against the standard cost rate, recovery of labour costs on manufactured products and various stock valuation adjustments that do not relate to the stock valued at standard cost. The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. Debtors

	2018 £	2017 £
Trade debtors	3,002,924	3,955,785
Amounts owed by group undertakings	3,362,295	3,328,305
Other debtors	30,424	51,220
Prepayments and accrued income	203,622	218,186
	<u>6,599,265</u>	<u>7,553,496</u>

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Invoice discounting	3,446,044	3,331,455
Trade creditors	1,879,441	2,896,798
Corporation tax	56,961	179,309
Other taxation and social security	47,921	53,145
Obligations under finance lease and hire purchase contracts	1,879	10,851
Other creditors	33,502	-
Accruals and deferred income	264,714	623,229
	<u>5,730,462</u>	<u>7,094,787</u>

DONATANTONIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	-	1,127

16. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	1,353	10,851
Between 1-5 years	-	1,127
	<u>1,353</u>	<u>11,978</u>

17. Deferred taxation

	2018 £
At beginning of year	(3,185)
Charged to the profit or loss	(8,764)
At end of year	<u>(11,949)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(14,044)	(17,975)
Short term timing differences	2,095	14,790
	<u>(11,949)</u>	<u>(3,185)</u>

DONATANTONIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

18. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,083,999 Ordinary shares of £1 each	1,083,999	1,083,999
725,057 Preference shares of £1 each	725,057	725,057
	<u>1,809,056</u>	<u>1,809,056</u>

The Company has one class of ordinary shares which carry voting rights but no right to fixed income.

The Company has one class of preference share which carry voting rights, however the shareholder (Donatantonio Group Limited) has waived its right to a preference dividend, and no dividend has been paid on the preference shares since 2003. On that basis, all share capital has been presented as equity.

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £81,825 (2017: £67,091). Contributions totalling £12,324 (2017: £7,846) were payable to the fund at the balance sheet date and are included in creditors.

20. Commitments under operating leases

At 31 January 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	568,323	569,009
Later than 1 year and not later than 5 years	2,329,286	2,259,608
Later than 5 years	1,751,638	2,320,115
	<u>4,649,247</u>	<u>5,148,732</u>

21. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under section 33 of FRS 102.

DONATANTONIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

22. Ultimate parent undertaking and controlling party

The immediate and ultimate parent company is Donatantonio Group Limited, a company registered in England & Wales. Copies of the consolidated financial statements are available from the company's registered office. There is no single ultimate controlling party.