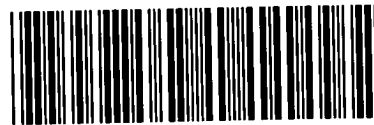


Company Registration No. 05635309 (England and Wales)

THE ROASTING COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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THE ROASTING COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr J L Priestley Mr R Messenger
Company number	05635309
Registered office	Station Road Heckington Sleaford Lincolnshire NG34 9NF
Auditor	Baldwins Audit Services Churchill House 59 Lichfield Street Walsall West Midlands WS4 2BX

THE ROASTING COMPANY LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 24

THE ROASTING COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of our company during the year and its position at the year end. Our review is consistent with the size and non complex nature of our business and is written in the context of the risks and uncertainties we face.

The company continues to be the roasting, packaging and distribution of dried nuts.

We consider that our key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, profits before tax and net assets.

Turnover has increased by approximately £0.35m in the year from £20.71m in 2016 to £21.06m in 2017.

The company has achieved a gross profit of £3.0m (14.4% of turnover) in 2017, compared to £2.6m (12.5% of turnover) in 2016, as the company continued to monitor both its selling and purchasing prices during the year.

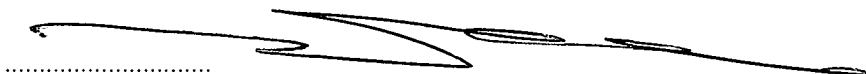
Administrative expenses have increased this year by £35k, whilst the overall level of interest payable has increased by £77k due to an increase in group finance during the year. Overall, the company achieved a profit before tax of £1.9m compared to £1.7m for 2016.

The company has increased its net current assets from £3.5m in 2016 to £3.6m in 2017.

The company continues to face the risks arising from operating in foreign currencies. The company utilises foreign currency banking facilities. We actively monitor the level of resources held in these facilities to manage the risk effectively.

In our opinion, the company will have sufficient resources available to manage its business risks and we expect to at least maintain the present level of activity for the foreseeable future whilst looking to ways to increase both supply and demand,

On behalf of the board



.....
Mr J L Priestley

Director

PJP/2018
.....

THE ROASTING COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of roasting, packaging and distribution on dried nuts.

Directors

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

Mr J L Priestley

Mr R Messenger

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,492,500. The directors do not recommend payment of a further dividend.

Financial risk management objective and policies

The company holds or issues financial instruments in order to achieve three main objectives, being:

- a. To finance its operations
- b. To manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- c. For trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk. The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Currency risk

The Directors are aware of the company's exposure to currency risk and consider the company has taken appropriate steps in order to keep these risks to a minimum.

Auditor

Baldwins Audit Services were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

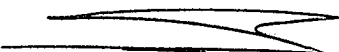
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

THE ROASTING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

On behalf of the board



Mr J L Priestley

Director

17/1/2018



THE ROASTING COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE ROASTING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ROASTING COMPANY LIMITED

Opinion

We have audited the financial statements of The Roasting Company Limited (the 'company') for the year ended 31 December 2017 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 December 2017 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 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 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.

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.

THE ROASTING COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE ROASTING COMPANY LIMITED

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 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, 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

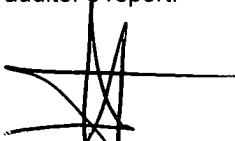
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation 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.

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.



Mr Stephen Harcourt (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

2017-2018

Accountants
Statutory Auditor

Churchill House
59 Lichfield Street
Walsall
West Midlands
WS4 2BX

THE ROASTING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	21,064,107	20,713,205
Cost of sales		(18,033,938)	(18,117,672)
Gross profit		3,030,169	2,595,533
Distribution costs		(270,833)	(134,485)
Administrative expenses		(603,592)	(568,885)
Other operating income		-	2,408
Operating profit	4	2,155,744	1,894,571
Interest receivable and similar income	7	-	4,921
Interest payable and similar expenses	8	(233,612)	(155,846)
Profit before taxation		1,922,132	1,743,646
Tax on profit	9	(360,840)	(348,728)
Profit for the financial year		1,561,292	1,394,918

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

THE ROASTING COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Profit for the year	1,561,292	1,394,918
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,561,292</u>	<u>1,394,918</u>

THE ROASTING COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11	1,163,483		1,246,890	
Current assets					
Stocks	13	3,232,428		1,823,889	
Debtors	14	4,323,079		3,637,689	
Cash at bank and in hand		897,028		359,063	
		<u>8,452,535</u>		<u>5,820,641</u>	
Creditors: amounts falling due within one year	15	<u>(4,868,372)</u>		<u>(2,294,919)</u>	
Net current assets		<u>3,584,163</u>		<u>3,525,722</u>	
Total assets less current liabilities		<u>4,747,646</u>		<u>4,772,612</u>	
Creditors: amounts falling due after more than one year	16	(126,667)		(206,667)	
Provisions for liabilities	18	(169,531)		(183,289)	
Net assets		<u><u>4,451,448</u></u>		<u><u>4,382,656</u></u>	
Capital and reserves					
Called up share capital	20	100		100	
Profit and loss reserves		<u>4,451,348</u>		<u>4,382,556</u>	
Total equity		<u><u>4,451,448</u></u>		<u><u>4,382,656</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 19/1/18 and are signed on its behalf by:

Mr J L Priestley
Director

Mr R Messenger
Director

Company Registration No. 05635309

THE ROASTING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2016		100	2,987,638	2,987,738
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	1,394,918	1,394,918
Balance at 31 December 2016		100	4,382,556	4,382,656
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	1,561,292	1,561,292
Dividends	10	-	(1,492,500)	(1,492,500)
Balance at 31 December 2017		100	4,451,348	4,451,448

THE ROASTING COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	24	2,859,417		1,803,260	
Interest paid		(233,612)		(155,846)	
Income taxes paid		(296,178)		(198,998)	
Net cash inflow from operating activities		2,329,627		1,448,416	
Investing activities					
Purchase of tangible fixed assets		(142,739)		(171,704)	
Interest received		-		4,921	
Net cash used in investing activities		(142,739)		(166,783)	
Financing activities					
Repayment of bank loans		(80,000)		(80,000)	
Dividends paid		(1,492,500)		-	
Net cash used in financing activities		(1,572,500)		(80,000)	
Net increase in cash and cash equivalents		614,388		1,201,633	
Cash and cash equivalents at beginning of year		197,946		(1,003,687)	
Cash and cash equivalents at end of year		812,334		197,946	
Relating to:					
Cash at bank and in hand		897,028		359,063	
Bank overdrafts included in creditors payable within one year		(84,694)		(161,117)	

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

The Roasting Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Station Road, Heckington, Sleaford, Lincolnshire, NG34 9NF.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 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.

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:

Plant, machinery and equipment	10-20% straight line
Fixtures and fittings	10% straight line
Equipment	20% straight line

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 credited or charged to profit or loss.

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 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.

1.7 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.

1.8 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 company 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 company after deducting all of its liabilities.

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

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

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 company'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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.12 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Sale of goods	21,064,107	20,713,205

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue (Continued)

	2017 £	2016 £
Other significant revenue		
Interest income	-	4,921

	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	21,064,107	20,713,205

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		

Fees payable to the company's auditor for the audit of the company's financial statements	6,000	6,425
Depreciation of owned tangible fixed assets	226,147	213,655
Cost of stocks recognised as an expense	17,012,109	17,260,433

5 Employees

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

	2017 Number	2016 Number
Number of production staff	18	17
Number of administration staff	7	8
Number of management staff	1	1
	26	26

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	677,167	665,849
Social security costs	57,588	54,953
	734,755	720,802

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6	Directors' remuneration	2017	2016
		£	£
	Remuneration for qualifying services	57,464	57,178
7	Interest receivable and similar income	2017	2016
		£	£
	Interest income		
	Interest on bank deposits	-	4,921
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	-	4,921
8	Interest payable and similar expenses	2017	2016
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	4,960	5,007
	Interest payable to group undertakings	228,652	150,839
		233,612	155,846
9	Taxation	2017	2016
		£	£
	Current tax		
	UK corporation tax on profits for the current period	374,598	342,678
	Deferred tax		
	Origination and reversal of timing differences	(13,758)	6,050
	Total tax charge	360,840	348,728

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	1,922,132	1,743,646
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	370,010	348,729
Permanent capital allowances in excess of depreciation	4,587	(6,051)
Deferred tax	(13,757)	6,050
Taxation charge for the year	360,840	348,728

10 Dividends

	2017 £	2016 £
Final paid	1,492,500	-

11 Tangible fixed assets

	Plant, machinery and equipment £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 January 2017	2,125,430	65,912	23,361	2,214,703
Additions	125,824	7,933	8,982	142,739
Disposals	-	(1,578)	(7,433)	(9,011)
At 31 December 2017	2,251,254	72,267	24,910	2,348,431
Depreciation and impairment				
At 1 January 2017	921,492	27,797	18,523	967,812
Depreciation charged in the year	216,210	7,057	2,880	226,147
Eliminated in respect of disposals	-	(1,578)	(7,433)	(9,011)
At 31 December 2017	1,137,702	33,276	13,970	1,184,948
Carrying amount				
At 31 December 2017	1,113,552	38,991	10,940	1,163,483
At 31 December 2016	1,203,937	38,115	4,838	1,246,890

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,730,870	3,587,933
Carrying amount of financial liabilities		
Measured at amortised cost	4,534,218	2,113,171

13 Stocks

	2017 £	2016 £
Raw materials and consumables	2,701,163	1,641,887
Finished goods and goods for resale	531,265	182,002
	3,232,428	1,823,889

14 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	3,657,165	3,414,674
Amounts owed by group undertakings	-	173,259
Other debtors	73,705	-
Prepayments and accrued income	592,209	49,756
	4,323,079	3,637,689

15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	164,694	241,117
Trade creditors		1,447,971	486,032
Amounts due to group undertakings		2,677,213	1,108,866
Corporation tax		233,416	154,995
Other taxation and social security		227,405	233,420
Other creditors		5,720	4,980
Accruals and deferred income		111,953	65,509
		4,868,372	2,294,919

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

16 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	126,667	206,667

17 Loans and overdrafts

	2017 £	2016 £
Bank loans	206,667	286,667
Bank overdrafts	84,694	161,117
	<u>291,361</u>	<u>447,784</u>
Payable within one year	164,694	241,117
Payable after one year	<u>126,667</u>	<u>206,667</u>

The long-term loans are secured by Debentures on the Group Companies.

18 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	19	169,531	183,289

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
ACAs	<u>169,531</u>	<u>183,289</u>

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

19 Deferred taxation

(Continued)

	2017 £
Movements in the year:	
Liability at 1 January 2017	183,289
Credit to profit or loss	(13,758)
Liability at 31 December 2017	<u>169,531</u>

The deferred tax liability set out above and relates to accelerated capital allowances.

20 Share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid		
100 Ordinary of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

21 Operating lease commitments

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

	2017 £	2016 £
Within one year	<u>45,111</u>	<u>43,650</u>

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>57,464</u>	<u>50,996</u>

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Related party transactions

(Continued)

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017	2016	2017	2016
	£	£	£	£
Entities with control, joint control or significant influence over the company	234,529	9,313	641,035	739,114
Other related parties	2,394	6	12,818	20,453

	Interest charged	
	2017	2016
	£	£
Entities with control, joint control or significant influence over the company	228,652	150,839

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
Amounts owed to related parties		
Entities with control, joint control or significant influence over the company	2,677,213	1,108,138
Other related parties	135	728

The following amounts were outstanding at the reporting end date:

	2016
	Balance
	£
Amounts owed in previous period	
Entities with control, joint control or significant influence over the company	2,405
Other related parties	2,405

23 Controlling party

The company is 85% owned subsidiary of JLP Food Group Limited. JLP Food Group Limited is a 100% owned subsidiary of Melbourne Holdings Limited.

Melbourne Holdings Limited is ultimately controlled by J L Priestley.

THE ROASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

24 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	1,561,292	1,394,918
Adjustments for:		
Taxation charged	360,840	348,728
Finance costs	233,612	155,846
Investment income	-	(4,921)
Depreciation and impairment of tangible fixed assets	226,147	213,655
Movements in working capital:		
(Increase)/decrease in stocks	(1,408,539)	1,113,096
(Increase)/decrease in debtors	(685,390)	1,170,955
Increase/(decrease) in creditors	2,571,455	(2,589,017)
Cash generated from operations	<u>2,859,417</u>	<u>1,803,260</u>

25 Auditor's liability limitation agreement

In accordance with Companies Act 2006 (s538), we are required to disclose any auditor liability limitation agreements in effect.

A resolution was passed dated 1 March 2017 which limits the liability of the auditor to £5m for any loss or damage Melbourne Holdings Limited and its subsidiaries arising out of or in connection with the provision of the services provided by the auditor including negligence but not willful default.