

REGISTERED NUMBER: 05728908 (England and Wales)

**COMPLETE CORE BUSINESS SOLUTIONS LIMITED**

**STRATEGIC REPORT,**

**REPORT OF THE DIRECTORS AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**



Watts Gregory LLP  
Chartered Accountants & Statutory Auditors  
Elfed House  
Oak Tree Court  
Cardiff Gate Business Park  
CARDIFF  
County of Cardiff  
CF23 8RS

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FOR THE YEAR ENDED 31 MARCH 2018**

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**COMPLETE CORE BUSINESS SOLUTIONS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2018**

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**DIRECTORS:**

S N Nicholls  
J Nicholls

**SECRETARY:**

R E Nicholls

**REGISTERED OFFICE:**

Unit 6  
Ynysboeth Factory Estate  
Abercynon  
Mountain Ash  
CF45 4SF

**REGISTERED NUMBER:**

05728908 (England and Wales)

**AUDITORS:**

Watts Gregory LLP  
Chartered Accountants & Statutory Auditors  
Elfed House  
Oak Tree Court  
Cardiff Gate Business Park  
CARDIFF  
County of Cardiff  
CF23 8RS

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2018**

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The directors present their strategic report for the year ended 31 March 2018.

**REVIEW OF BUSINESS**

FY17/18 has been a fairly flat year for sales with volumes for the year almost matching that of the previous. This performance is reflected in the turnover for the year ended 31st March 2018 at £12.5 million, whilst against that of £12.6 million for the last financial year. Pre-tax profit for the year ended 31st March 2018 was £2.4 million, down from £2.8 million of the previous year. This reduction in profit reflects primarily an increased expenditure in property repairs.

The position at 31st March 2018 shows an increase in the net book value of fixed assets of £857k as the company made the strategic purchase of an adjacent building to provide local warehouse capacity to maintain the storage of production materials and reduce operating costs going forward. Net current assets have increased to just under £7 million from £6 million as a result of repaying the directors loan account, yet still maintaining a similar level of cash at bank. Shareholders funds at 31st March 2018 were £9.1 million (2017 - £7.3 million).

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices and credit risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company by monitoring market prices and maintaining close control over debtors.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

**Credit risk**

The company pursues policies that require appropriate credit checks on potential customers before sales are made. Customers are assigned credit limits and overdue debts are chased on a regular basis.

**Liquidity risk and cash flow**

The company actively monitors its liquidity and cash flow position to ensure it has sufficient cash in order to fund its activities.

**DEVELOPMENT AND PERFORMANCE**

Following the demerger of the co-packing part of the business, the company has focussed on its activity of conversion, manufacture and packing for the filter tip product and has increased its productivity and efficiencies resulting in solid returns on its activity.

Our strategy to maintain business performance will continue with a focus on productivity efficiencies, delivery of a high level of customer service and involvement in NPD on behalf of our client. For these reasons the directors feel confident about the future and profitability of the business.

**KEY PERFORMANCE INDICATORS**


The directors and senior management team review the financial results monthly, focusing on sales, costs, profitability and working capital control. Each part of the business monitors a series of KPI's, all aligned to the annual, mid and long term objectives.

**FUTURE DEVELOPMENTS**

To position the business to secure a further renewal of the manufacturing agreement (due in September 2019) by ensuring optimum service provision at competitive rates.

The company, utilising its product experience and links to key suppliers will continue with its delivery of new product ideas and launch of new products within an extremely short lead time. This provides a competitive edge to the client in meeting new market demands.

**ON BEHALF OF THE BOARD:**

  
S N Nicholls - Director

Date: 12 June 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2018**

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The directors present their report with the financial statements of the company for the year ended 31 March 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the company continues to be that of the manufacture of cigarette tips for the tobacco industry.

**DIVIDENDS**

An interim dividend was voted on 15 January 2018 at £710 per share for A Ordinary shares and at £1,345 per share for B Ordinary shares. No final dividend has been voted.

The total distribution of dividends for the year ended 31 March 2018 will be £161,115.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

S N Nicholls  
J Nicholls

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial risk management.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

  
.....  
S N Nicholls - Director

Date: 12 JULY 2018

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COMPLETE CORE BUSINESS SOLUTIONS LIMITED

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### Opinion

We have audited the financial statements of Complete Core Business Solutions Limited (the 'company') for the year ended 31 March 2018 which comprise the Profit and loss account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COMPLETE CORE BUSINESS SOLUTIONS LIMITED

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### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julia Mortimer (Senior Statutory Auditor)  
for and on behalf of Watts Gregory LLP  
Chartered Accountants & Statutory Auditors  
Elfed House  
Oak Tree Court  
Cardiff Gate Business Park  
CARDIFF  
County of Cardiff  
CF23 8RS

19 July 2018

**COMPLETE CORE BUSINESS SOLUTIONS LIMITED (REGISTERED NUMBER: 05728908)**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
<b>TURNOVER</b>	3	12,494,984	12,618,896
Cost of sales		(8,875,818)	(8,849,568)
<b>GROSS PROFIT</b>		3,619,166	3,769,328
Administrative expenses		(1,203,238)	(971,588)
		2,415,928	2,797,740
Other operating income		883	5,808
<b>OPERATING PROFIT</b>	5	2,416,811	2,803,548
Interest receivable and similar income		6,586	5,710
		2,423,397	2,809,258
Interest payable and similar expenses	7	(483)	-
<b>PROFIT BEFORE TAXATION</b>		2,422,914	2,809,258
Tax on profit	8	(455,300)	(560,477)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,967,614	2,248,781
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		1,967,614	2,248,781

The notes form part of these financial statements



**COMPLETE CORE BUSINESS SOLUTIONS LIMITED (REGISTERED NUMBER: 05728908)**

**BALANCE SHEET  
31 MARCH 2018**

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	10	2,228,969	1,372,126
<b>CURRENT ASSETS</b>			
Stocks	11	1,066,108	985,050
Debtors	12	1,038,825	1,058,310
Cash at bank and in hand		6,315,223	6,716,625
		<u>8,420,156</u>	<u>8,759,985</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	(1,432,370)	(2,732,224)
<b>NET CURRENT ASSETS</b>		<u>6,987,786</u>	<u>6,027,761</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,216,755</u>	<u>7,399,887</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(2,629)	-
<b>PROVISIONS FOR LIABILITIES</b>	18	(90,752)	(83,012)
<b>NET ASSETS</b>		<u><u>9,123,374</u></u>	<u><u>7,316,875</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	167	167
Retained earnings		9,123,207	7,316,708
<b>SHAREHOLDERS' FUNDS</b>		<u><u>9,123,374</u></u>	<u><u>7,316,875</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 12 July 2018 and were signed on its behalf by:

  
S N Nicholls - Director

The notes form part of these financial statements

**COMPLETE CORE BUSINESS SOLUTIONS LIMITED (REGISTERED NUMBER: 05728908)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 April 2016</b>	167	5,226,042	5,226,209
<b>Changes in equity</b>			
Dividends	-	(158,115)	(158,115)
Total comprehensive income	-	2,248,781	2,248,781
<b>Balance at 31 March 2017</b>	167	7,316,708	7,316,875
<b>Changes in equity</b>			
Dividends	-	(161,115)	(161,115)
Total comprehensive income	-	1,967,614	1,967,614
<b>Balance at 31 March 2018</b>	167	9,123,207	9,123,374

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,481,788	2,126,829
Interest paid		(483)	-
Tax paid		(636,102)	(463,694)
Taxation refund		209	-
Net cash from operating activities		<u>1,845,412</u>	<u>1,663,135</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(987,125)	(19,901)
Interest received		6,586	5,710
Net cash from investing activities		<u>(980,539)</u>	<u>(14,191)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(2,507)	(7,276)
Amount introduced by directors		164,273	-
Amount withdrawn by directors		(1,266,926)	(332,804)
Equity dividends paid		(161,115)	(158,115)
Net cash from financing activities		<u>(1,266,275)</u>	<u>(498,195)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(401,402)</u>	<u>1,150,749</u>
<b>Cash and cash equivalents at beginning of year</b>	2	6,716,625	5,565,876
<b>Cash and cash equivalents at end of year</b>	2	<u><u>6,315,223</u></u>	<u><u>6,716,625</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2018 £	2017 £
Profit before taxation	2,422,914	2,809,258
Depreciation charges	138,276	148,668
Finance costs	483	-
Finance income	(6,586)	(5,710)
	<u>2,555,087</u>	<u>2,952,216</u>
Increase in stocks	(81,058)	(125,397)
Decrease/(increase) in trade and other debtors	19,485	(99,802)
Decrease in trade and other creditors	(11,726)	(600,188)
	<u>2,481,788</u>	<u>2,126,829</u>
<b>Cash generated from operations</b>	<b>2,481,788</b>	<b>2,126,829</b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2018**

	31/3/18 £	1/4/17 £
Cash and cash equivalents	<u>6,315,223</u>	<u>6,716,625</u>

**Year ended 31 March 2017**

	31/3/17 £	1/4/16 £
Cash and cash equivalents	<u>6,716,625</u>	<u>5,565,876</u>

The notes form part of these financial statements

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

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**1. STATUTORY INFORMATION**

Complete Core Business Solutions Limited is a private company, limited by shares, incorporated in Wales in the United Kingdom. The registered office is Unit 6, Ynysboeth Factory Estate, Abercynon, Mountain Ash, CF45 4SF. The nature of the company's operations and principal activities are that of the manufacture of cigarette tips for the tobacco industry.

The financial statements are presented in Sterling (£), the company's functional currency, and rounded to the nearest pound.

The significant accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

There have been no material departures from Financial Reporting Standard 102.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance

Fixed assets are stated at cost less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items. Cost comprises the original purchase price, additional post-purchase costs, less any stock write-downs.

Finished goods are valued at the sales price as they are made to contract, and are recognised as a debtor.

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES - continued

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of those obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Employee benefits**

When employees have rendered service to the company, short-term employee benefits to which employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

**Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts which are repayable on demand.

**Significant accounting judgements and estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. There are no estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2018 £	2017 £
Sale of goods	12,490,416	12,615,929
Rendering of services	4,568	2,967
	<u>12,494,984</u>	<u>12,618,896</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

3. **TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
United Kingdom	1,476,115	3,389,655
Overseas	11,018,869	9,229,241
	<u>12,494,984</u>	<u>12,618,896</u>

4. **EMPLOYEES AND DIRECTORS**

	2018 £	2017 £
Wages and salaries	1,208,468	1,220,696
Social security costs	123,316	111,530
Other pension costs	96,002	89,365
	<u>1,427,786</u>	<u>1,421,591</u>

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

	2018	2017
Director	2	2
Administration	14	12
Production	34	32
	<u>50</u>	<u>46</u>

	2018 £	2017 £
Directors' remuneration	21,474	21,146
Directors' pension contributions to money purchase schemes	80,000	80,000
	<u>101,474</u>	<u>101,146</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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5. **OPERATING PROFIT**

The operating profit is stated after charging:

	2018 £	2017 £
Hire of plant and machinery	44,550	10,798
Depreciation - owned assets	135,201	145,990
Depreciation - assets on hire purchase contracts	3,075	2,679
Foreign exchange differences	6,608	1,083
Operating lease payments	75,196	69,916
	<u>264,620</u>	<u>229,466</u>

6. **AUDITORS' REMUNERATION**

	2018 £	2017 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>6,325</u>	<u>8,950</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

## 7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Corporation tax interest	<u>483</u>	<u>-</u>

## 8. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	447,769	576,102
(Over)/under provision in prior year	<u>(209)</u>	<u>277</u>
Total current tax	447,560	576,379
Deferred tax	<u>7,740</u>	<u>(15,902)</u>
Tax on profit	<u>455,300</u>	<u>560,477</u>

**Reconciliation of total tax charge included in profit and loss**

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

	2018 £	2017 £
Profit before tax	<u>2,422,914</u>	<u>2,809,258</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	460,354	561,852
Effects of:		
Depreciation in excess of capital allowances	553	-
Adjustments to tax charge in respect of previous periods	(209)	-
Permanent differences	579	(1,375)
Difference in tax rates	<u>(5,977)</u>	<u>-</u>
Total tax charge	<u>455,300</u>	<u>560,477</u>

## 9. DIVIDENDS

	2018 £	2017 £
'A' Ordinary shares of £1 each Interim	71,000	68,000
'B' Ordinary shares of £1 each Interim	90,115	90,115
	<u>161,115</u>	<u>158,115</u>



NOTES TO THE FINANCIAL STATEMENTS - *continued*  
FOR THE YEAR ENDED 31 MARCH 2018

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1 April 2017	908,124	1,223,288	107,743	2,239,155
Additions	855,254	81,419	58,446	995,119
At 31 March 2018	1,763,378	1,304,707	166,189	3,234,274
<b>DEPRECIATION</b>				
At 1 April 2017	78,317	729,236	59,476	867,029
Charge for year	25,201	100,951	12,124	138,276
At 31 March 2018	103,518	830,187	71,600	1,005,305
<b>NET BOOK VALUE</b>				
At 31 March 2018	1,659,860	474,520	94,589	2,228,969
At 31 March 2017	829,807	494,052	48,267	1,372,126

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
<b>COST</b>	
At 1 April 2017	20,500
Additions	7,994
Transfer to ownership	(20,500)
At 31 March 2018	7,994
<b>DEPRECIATION</b>	
At 1 April 2017	9,786
Charge for year	3,075
Transfer to ownership	(11,929)
At 31 March 2018	932
<b>NET BOOK VALUE</b>	
At 31 March 2018	7,062
At 31 March 2017	10,714

11. STOCKS

	2018 £	2017 £
Raw materials	1,066,108	985,050

The total amount of stock recognised as an expense in the year was £7,790,259 (2017: £7,795,932).

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	772,558	882,267
Amounts recoverable on contract	30,785	12,698
Other debtors	40,815	42,103
VAT	80,069	42,405
Prepayments and accrued income	114,598	78,837
	<u>1,038,825</u>	<u>1,058,310</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Hire purchase contracts (see note 15)	3,486	628
Trade creditors	756,440	698,829
Corporation tax	147,769	336,102
Directors' current account	119,177	1,221,830
Accruals and deferred income	405,498	474,835
	<u>1,432,370</u>	<u>2,732,224</u>

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

	2018	2017
	£	£
Hire purchase contracts (see note 15)	<u>2,629</u>	<u>-</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	3,486	628
Between one and five years	<u>2,629</u>	<u>-</u>
	<u>6,115</u>	<u>628</u>

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	23,166	25,540
Between one and five years	<u>43,328</u>	<u>21,555</u>
	<u>66,494</u>	<u>47,095</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Hire purchase contracts	<u>6,115</u>	<u>628</u>

Amounts owed in respect of hire purchase obligations are secured on the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

## 17. FINANCIAL INSTRUMENTS

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>7,159,381</u>	<u>7,701,146</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>1,276,095</u>	<u>2,396,122</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts receivable on contracts and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, hire purchase liabilities, directors' current accounts and accruals.

## 18. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Deferred tax	<u>90,752</u>	<u>83,012</u>
		Deferred tax
		£
Balance at 1 April 2017		83,012
Charge to Profit and loss account during year		<u>7,740</u>
Balance at 31 March 2018		<u>90,752</u>

The deferred tax balance has arisen due to fixed asset timing differences.

## 19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2018 £	2017 £
100	'A' Ordinary	£1	100	100
67	'B' Ordinary	£1	<u>67</u>	<u>67</u>
			<u>167</u>	<u>167</u>

## 20. PENSION COMMITMENTS

The company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. During the year pension contributions of £96,002 (2017: £89,365) were made to the scheme. There were outstanding payments at the end of the year of £4,011 (2017: £1,715).

## 21. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>111,561</u>	<u>33,614</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

22. RELATED PARTY DISCLOSURES

During the year, the company entered into transactions, in the ordinary course of business, with its related parties. Transactions entered into, and balances outstanding at 31 March 2018 are as follows:

Name	Nature of transaction	2018 £	2017 £
Entities under common control	Sales	17,845	-
	Management charges receivable	421,353	297,193
Key management personnel	Dividends	149,010	146,010
	Emoluments	203,381	195,574
Other related parties	Dividends	12,105	12,105

The following balances existed with the company's related parties as at 31 March 2018:

Name	Nature of balance	2018 £	2017 £
Entities under common control	Other debtor	40,815	42,103
Key management personnel	Current account	119,177	1,221,830