

Company Registration No. 07415621 (England and Wales)

HEREFORD CONTRACT CANNING (HCC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



HEREFORD CONTRACT CANNING (HCC) LIMITED

COMPANY INFORMATION

Directors	P Burton H Burton S Cottingham J Hibberd S Hibberd R J Leach
Company number	07415621
Registered office	1 Staniers Way Roman Road Hereford HR1 1JT
Auditor	Baldwins Audit Services Ship Canal House 98 King Street Manchester M2 4WU

HEREFORD CONTRACT CANNING (HCC) LIMITED

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HEREFORD CONTRACT CANNING (HCC) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Business review

Hereford Contract Canning (HCC) Ltd provides canning services for alcoholic and non-alcoholic drinks. The results for the year build on profits in the previous years. The customer and product base continue to expand and property was acquired in the year for future expansion.

During the year the turnover increased almost 40% from £13.1m to £18.3m mainly due to increased demand for the company's core product range. The gross margin has also increased slightly from 20.4% to 20.9% This has resulted in the profit after tax doubling from the previous year as overhead costs are closely monitored and controlled.

The company has invested almost £5m in property, plant and equipment in the current year and projects have been agreed to maximise production. The company has utilised bank loan facilities and funds from an associated company in order to achieve this.

Key performance indicators

As noted above Turnover and Gross Profit have improved in the year. Return on Capital Employed has likewise improved.

Results and dividends

The Profit for the year amounted to £1,038,104. No dividends have been declared.

Principal risks and uncertainties

There are a number of risks which have been identified by the Company.

The Directors are of the opinion that a thorough risk management process is in place which involves the formal review of the risks identified.

Financial risk management

The Company's operations expose it to a variety of financial business risks including foreign currency exchange rates, credit risk and liquidity risk.

Foreign currency risk

The Company purchases some materials from Europe in Euros. Our exposure to currency fluctuations is not felt to be a major risk. As prices are expected to rise in the current economic climate, contracts are in place with suppliers of critical materials for the forthcoming year.

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating.

Liquidity risk

The Company's policy is managed by financial management on its major contracts by negotiating favourable payable terms with respective customers and suppliers wherever possible. The Company's objective is to ensure an overall neutral or positive cash flow.

Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

HEREFORD CONTRACT CANNING (HCC) LIMITED

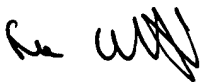
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Future Developments

In the short term, the company plans further investment to redevelop the property purchased, to introduce a second production line which will significantly increase production capacity to meet the demands in the current market place.

On behalf of the board



S Cottingham

Director

11 June 2019

HEREFORD CONTRACT CANNING (HCC) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activities

The principal activity of the company continued to be that of the canning of drinks.

Directors

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

P Burton
H Burton
S Cottingham
J Hibberd
S Hibberd
R J Leach

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

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

Auditor

In accordance with the company's articles, a resolution proposing that Baldwins Audit Services (formerly trading as CLB Coopers Audit Services) be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

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

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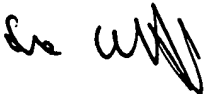
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

On behalf of the board



S Cottingham
Director

11 June 2019

HEREFORD CONTRACT CANNING (HCC) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEREFORD CONTRACT CANNING (HCC) LIMITED

Opinion

We have audited the financial statements of Hereford Contract Canning (HCC) Limited (the 'company') for the year ended 31 December 2018 which comprise 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 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 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.

HEREFORD CONTRACT CANNING (HCC) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HEREFORD CONTRACT CANNING (HCC) 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.

Use of our report

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



David Cliff (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

11 June 2019

Statutory Auditor

Ship Canal House
98 King Street
Manchester
M2 4WU

HEREFORD CONTRACT CANNING (HCC) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	18,291,313	13,088,962
Cost of sales		(14,466,344)	(10,412,673)
Gross profit		3,824,969	2,676,289
Administrative expenses		(2,481,201)	(2,031,525)
Operating profit	4	1,343,768	644,764
Interest payable and similar expenses	7	(35,590)	(6,449)
Profit before taxation		1,308,178	638,315
Tax on profit	8	(270,074)	(118,788)
Profit for the financial year		1,038,104	519,527

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

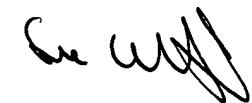
HEREFORD CONTRACT CANNING (HCC) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	10		1,269		1,692
Tangible assets	11		8,067,666		3,573,408
Investments	12		2		2
			<u>8,068,937</u>		<u>3,575,102</u>
Current assets					
Stocks	15	541,383		285,235	
Debtors	16	2,465,830		1,414,582	
Cash at bank and in hand		185,587		-	
		<u>3,192,800</u>		<u>1,699,817</u>	
Creditors: amounts falling due within one year	17	<u>(7,574,702)</u>		<u>(2,366,637)</u>	
Net current liabilities			<u>(4,381,902)</u>		<u>(666,820)</u>
Total assets less current liabilities			<u>3,687,035</u>		<u>2,908,282</u>
Creditors: amounts falling due after more than one year	18		(569,567)		-
Provisions for liabilities	21		(382,295)		(271,213)
Net assets			<u>2,735,173</u>		<u>2,637,069</u>
Capital and reserves					
Called up share capital	24		350,004		1,290,004
Profit and loss reserves			2,385,169		1,347,065
Total equity			<u>2,735,173</u>		<u>2,637,069</u>

The financial statements were approved by the board of directors and authorised for issue on 11 June 2019 and are signed on its behalf by:



S Cottingham
Director

Company Registration No. 07415621

HEREFORD CONTRACT CANNING (HCC) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2017		1,290,004	867,528	2,157,532
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	519,527	519,527
Dividends	9	-	(39,990)	(39,990)
Balance at 31 December 2017		1,290,004	1,347,065	2,637,069
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	1,038,104	1,038,104
Reduction of shares	24	(940,000)	-	(940,000)
Balance at 31 December 2018		350,004	2,385,169	2,735,173

HEREFORD CONTRACT CANNING (HCC) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	30	5,189,352		874,933	
Interest paid		(35,590)		(6,449)	
Income taxes (paid)/refunded		(39,971)		9	
Net cash inflow from operating activities		<u>5,113,791</u>		<u>868,493</u>	
Investing activities					
Purchase of tangible fixed assets		(4,967,523)		(460,069)	
Net cash used in investing activities		<u>(4,967,523)</u>		<u>(460,069)</u>	
Financing activities					
Redemption of shares		(940,000)		-	
Proceeds of new bank loans		2,251,000		-	
Repayment of bank loans		(687,583)		(332,078)	
Payment of finance leases obligations		(4,667)		(251,655)	
Dividends paid		-		(39,990)	
Net cash generated from/(used in) financing activities		<u>618,750</u>		<u>(623,723)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>765,018</u>		<u>(215,299)</u>	
Cash and cash equivalents at beginning of year		(579,431)		(364,132)	
Cash and cash equivalents at end of year		<u><u>185,587</u></u>		<u><u>(579,431)</u></u>	
Relating to:					
Cash at bank and in hand		185,587		-	
Bank overdrafts included in creditors payable within one year		-		(579,431)	

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Hereford Contract Canning (HCC) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Staniers Way, Roman Road, Hereford, HR1 1JT.

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 have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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. In the directors' opinion, there are no significant areas of judgement nor key sources of estimation uncertainty within these financial statements.

The following principal accounting policies have been applied:

1.2 Going concern

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

1.3 Turnover

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

1.4 Intangible fixed assets other than goodwill

Intangible assets represent trademark registration costs. They are amortised to the profit and loss account over their estimated economic life of ten years.

1.5 Tangible fixed assets

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

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

Freehold land and buildings	50 years straight line
Leasehold improvements	Over the length of the lease
Plant and equipment	15 years
Office and computer equipment	3-10 years

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.

1.6 Fixed asset investments

Investments held as fixed assets are shown at cost less provision for impairment.

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.7 Stocks

Stocks are stated at the lower of cost and 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 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.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 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.

Basic financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the 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.

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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.

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.

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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 liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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.

1.13 Retirement benefits

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

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

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.

There were no key areas of judgement present in these accounts.

3 Turnover and other revenue

All turnover arose within the United Kingdom from the company's principal activity.

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Exchange (gains)/losses	-	40,280
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	9,000
Depreciation of owned tangible fixed assets	473,265	321,528
Depreciation of tangible fixed assets held under finance leases	-	4,919
Amortisation of intangible assets	423	423
Cost of stocks recognised as an expense	12,451,425	8,688,397
Operating lease charges	238,992	208,159
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £- (2017 - £40,280).

5 Employees

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

	2018 Number	2017 Number
Administrative	2	2
Production, engineering and labour	60	51
Directors	6	6
	<u> </u>	<u> </u>
	68	59
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,040,733	1,780,245
Social security costs	192,678	168,197
Pension costs	24,526	9,007
	<u> </u>	<u> </u>
	2,257,937	1,957,449
	<u> </u>	<u> </u>

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	171,893	159,493
Company pension contributions to defined contribution schemes	1,405	773
	<u>173,298</u>	<u>160,266</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 2).

7 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	33,923	-
Interest on finance leases and hire purchase contracts	1,667	2,457
	<u>35,590</u>	<u>2,457</u>
Other finance costs:		
Other interest	-	3,992
	<u>35,590</u>	<u>6,449</u>

8 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	158,992	40,124
	<u>158,992</u>	<u>40,124</u>
Deferred tax		
Origination and reversal of timing differences	111,082	78,664
	<u>111,082</u>	<u>78,664</u>
Total tax charge	<u>270,074</u>	<u>118,788</u>

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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:

	2018 £	2017 £
Profit before taxation	1,308,178	638,315
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	248,554	122,876
Tax effect of expenses that are not deductible in determining taxable profit	10,637	2,163
Adjustments in respect of prior years	(89)	-
Effect of change in corporation tax rate	(13,061)	(2,081)
Depreciation on assets not qualifying for tax allowances	24,033	-
Other non-reversing timing differences	-	(4,170)
Taxation charge for the year	270,074	118,788

9 Dividends

	2018 £	2017 £
Final paid	-	39,990

10 Intangible fixed assets

	Trademarks £
Cost	
At 1 January 2018 and 31 December 2018	4,229
Amortisation and impairment	
At 1 January 2018	2,537
Amortisation charged for the year	423
At 31 December 2018	2,960
Carrying amount	
At 31 December 2018	1,269
At 31 December 2017	1,692

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Tangible fixed assets

	Freehold land and buildings	Leasehold improvements	Plant and equipment	Office and computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2018	-	344,682	4,710,103	42,378	5,097,163
Additions	2,000,000	65,252	2,897,611	4,660	4,967,523
At 31 December 2018	2,000,000	409,934	7,607,714	47,038	10,064,686
Depreciation and impairment					
At 1 January 2018	-	66,601	1,431,671	25,483	1,523,755
Depreciation charged in the year	-	55,718	412,673	4,874	473,265
At 31 December 2018	-	122,319	1,844,344	30,357	1,997,020
Carrying amount					
At 31 December 2018	2,000,000	287,615	5,763,370	16,681	8,067,666
At 31 December 2017	-	278,081	3,278,432	16,895	3,573,408

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018 £	2017 £
Plant and equipment	-	39,763
Depreciation charge for the year in respect of leased assets	-	4,919

12 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	13	2	2

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2018 & 31 December 2018	2
Carrying amount	
At 31 December 2018	2
At 31 December 2017	2

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Hereford Cider Company (HCC) Limited	England	Dormant	Ordinary	100.00	
Herefordshire Cider Company (HCC) Limited	England	Dormant	Ordinary	100.00	

14 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,244,826	605,608
Carrying amount of financial liabilities		
Measured at amortised cost	7,535,468	2,184,155

15 Stocks

	2018 £	2017 £
Raw materials and consumables	541,383	285,235

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,244,826	605,600
Other debtors	-	8
Prepayments and accrued income	1,221,004	808,974
	<u>2,465,830</u>	<u>1,414,582</u>

17 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	19	993,850	579,431
Obligations under finance leases	20	-	4,667
Trade creditors		1,324,898	945,789
Corporation tax		159,145	40,124
Other taxation and social security		449,656	142,358
Other creditors		4,035,245	509,377
Accruals and deferred income		611,908	144,891
		<u>7,574,702</u>	<u>2,366,637</u>

Net obligations under finance lease and hire purchase contracts are secured upon the assets to which they relate.

Included within other creditors is a loan of £3m from Corinthian Brands (CBL) Limited. The loan is unsecured and there is no formal agreement in place.

The company has taken out loans from Santander UK plc amounting to £1,563,417 (2017:£nil). These loans are guaranteed by related party St Helier Beverage Company and Corinthian Brands (CBL) Ltd, related by common shareholders, and by fixed and floating charges over all the company's assets including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both present and future.

18 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	19	<u>569,567</u>	<u>-</u>

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Loans and overdrafts

	2018 £	2017 £
Bank loans	1,563,417	-
Bank overdrafts	-	579,431
	<u>1,563,417</u>	<u>579,431</u>
Payable within one year	993,850	579,431
Payable after one year	<u>569,567</u>	<u>-</u>

There are fixed and floating charges over all assets including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both present and future.

20 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	<u>-</u>	<u>4,667</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. There were no outstanding leases at the year end.

21 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	22	<u>382,295</u>	<u>271,213</u>

22 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	<u>382,295</u>	<u>271,213</u>

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Deferred taxation (Continued)

	2018 £
Movements in the year:	
Liability at 1 January 2018	271,213
Charge to profit or loss	111,082
Liability at 31 December 2018	<u>382,295</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>24,526</u>	<u>9,007</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

24 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
350,004 Ordinary shares of £1 each	<u>350,004</u>	<u>1,290,004</u>
	<u>350,004</u>	<u>1,290,004</u>

On 20 April 2018 the company redesignated 940,000 Ordinary Shares of £1 each into 940,000 Ordinary A Shares of £1 each.

On 1 August 2018 the members of the company passed a resolution and reduced the share capital of the company by way of a capital reduction under section 641 (1)(a) of the Companies Act 2006. All 940,000 Ordinary A Shares of £1 each were repurchased at par and cancelled.

25 Financial commitments, guarantees and contingent liabilities

The company has given guarantees to HM Revenue and Customs of £20,000 (2017: £20,000).

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Operating lease commitments

Lessee

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:

	2018 £	2017 £
Within one year	340,329	283,640
Between two and five years	1,040,414	998,599
In over five years	156,750	347,617
	<u>1,537,493</u>	<u>1,629,856</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £	2017 £
Acquisition of tangible fixed assets	<u>840,674</u>	<u>1,011,693</u>

28 Related party transactions

Transactions with related parties

At 31 December 2018 the company owed £10,931 (2017: £74) to Corinthian Brands (CBL) Limited ("CBL"), a company related by common ownership, in relation to trading balances. During the year the company made sales of £12,825,000 (2017: £10,500,315) to CBL. The company also owed £3,000,000 to CBL in relation to a loan received, which is included within other creditors. The directors of the company have a beneficial interest in CBL.

During the year the company provided storage services to CBL, and raised various recharges totalling £120,000 (2017: £117,906). This has been included within prepayments and accrued income.

During the year rent of £231,250 (2017: £212,740) was paid to The Burton & Hibberd Group SIPP. The Burton & Hibberd Group SIPP is related through common interests of P Burton and J Hibberd.

29 Controlling party

The directors consider that there is no ultimate controlling party.

HEREFORD CONTRACT CANNING (HCC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

30 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	1,038,104	519,527
Adjustments for:		
Taxation charged	270,074	118,788
Finance costs	35,590	6,449
Amortisation and impairment of intangible assets	423	423
Depreciation and impairment of tangible fixed assets	473,265	326,447
Movements in working capital:		
(Increase) in stocks	(256,148)	(20,848)
(Increase) in debtors	(1,051,248)	(571,135)
Increase in creditors	4,679,292	495,282
Cash generated from operations	<u>5,189,352</u>	<u>874,933</u>