

OAT 2012 LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

	Page
Company Information	1
Group Strategic Report	2 to 3
Report of the Directors	4 to 5
Report of the Independent Auditors	6 to 7
Consolidated Income Statement	8
Consolidated Other Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Cash Flow Statement	14
Notes to the Consolidated Cash Flow Statement	15
Notes to the Consolidated Financial Statements	16 to 26

OAT 2012 LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2019**

DIRECTORS:

Hon A E J Taylor
R D Taylor
S R Taylor

SECRETARY:

S R Taylor

REGISTERED OFFICE:

Washway House Farm
Washway Road
Holbeach
Spalding
Lincolnshire
PE12 7PP

REGISTERED NUMBER:

07932991 (England and Wales)

AUDITORS:

Duncan & Toplis Limited, Statutory Auditor
Enterprise Way
Pinchbeck
Spalding
Lincolnshire
PE11 3YR

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2019**

The directors present their strategic report of the company and the group for the year ended 30 November 2019.

REVIEW OF BUSINESS

OAT 2012 Limited's trading subsidiary, O A Taylor & Sons Bulbs Limited, maintains their position as the preferred supplier of all types of flowering bulbs to UK and Irish garden centres.

The results of the group are in line with the targets set, changes in the market and climatic conditions experienced during the growing and retail seasons.

The group continues to see further success in bespoke products to customers outside the core market of garden centres and continues to innovate and introduce new products, packaging and varieties throughout the range.

KEY PERFORMANCE INDICATORS

Given the straightforward commercial nature of the business, the directors' opinion is that supplementary KPI analysis over and above that in the financial statements is not necessary to an understanding of the development, performance and financial strength of the group.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2019**

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the group's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

The key risks affecting the company are set out below:

Customers

In order to reduce the potential loss of custom the group values integrity and seeks to conduct its business with professionalism and aspires to provide excellent service in the eyes of our customers.

Employees

The company continues to use the principle of staff training in return for loyalty, openness, commitment and performance, respecting and caring for staff and investing in their employment potential. The company operates a variety of progression based structures, invests in personal and professional development and remains committed to involving all staff in the operation of the business. The company believes in remunerating its staff fairly for doing a good job which includes taking on responsibility, working as a team and supporting the company's continuous improvement.

Commodity risk

As a bulb supplier, the group is also exposed to the vagaries of the climate and consequent impacts upon the price and availability of product. Consequently the group operates a variety of key mitigating tools to reduce exposure to commodity risk, these summarise in contracting supply price and quantity with growers, growing own crops and having a wide customer spectrum to ensure optimum crop utilisation.

Foreign exchange risk

The group imports a wide range of products from Europe, and consequently is at risk from unfavourable exchange rate changes. The group mitigates this risk by working closely with the group's bankers to forward buy currency at appropriate rates for the business.

Natural resources

A further key risk is the environment and the consumption of natural resources. The company respects the environment in which it operates and works to conserve natural resources and enhance the natural environment. The company is working on a range of initiatives to reduce the carbon footprint associated with its supply chains in active participation with customers and suppliers. Various alternative materials that are compostable or recyclable through kerbside recycling are being assessed for use in the packing of bulbs.

The withdrawal of the United Kingdom from the European Union

There is risk associated with the potential change in regulations and direct or indirect costs associated with the importing and exporting of bulbs and flowers to and from the EU due to the withdrawal of the UK from the EU. The company has increased resource and spent considerable time on plans to adjust to the predicted outcomes.

COVID-19

As with all businesses there is a risk associated with the ongoing COVID-19 pandemic that is causing a shock to the global economy. It is unknown what final impact this will have on group and our industry and will largely be determined by the time taken to get it under control and how quickly people can return to normal lives.

As a business we are well aware of the risks and impact this may bring the group but having assessed our situation believe the strong financial position the group finds itself in will enable the directors to mitigate the risks for the long term protection of the group.

ON BEHALF OF THE BOARD:

Hon A E J Taylor - Director

31 March 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

The directors present their report with the financial statements of the company and the group for the year ended 30 November 2019.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of bulb wholesalers.

The group also trades as a partner in O A Taylor & Sons, farmers and bulb growers.

DIVIDENDS

An interim dividend was paid during the year in respect of the 30 November 2019 year end, being at £612 per 'A' share and £95.53 per 'B' share.

The total distribution of dividends during the year ended 30 November 2019 was £955,227.97

FUTURE DEVELOPMENTS

The group will continue to invest strongly in new machinery and packing equipment. There is an ongoing programme of warehouse renovation using materials with improved insulation to decrease fuel usage. The group is expecting another profitable year in 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 December 2018 to the date of this report.

Hon A E J Taylor
R D Taylor
S R Taylor

FINANCIAL INSTRUMENTS

The group imports a wide range of products from Europe, and consequently is at risk from unfavourable exchange rate changes. The group mitigates this risk by working closely with the group's bankers to forward buy currency at appropriate rates for the business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

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 group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Hon A E J Taylor - Director

31 March 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OAT 2012 LIMITED

Opinion

We have audited the financial statements of OAT 2012 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated 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 group's and of the parent company affairs as at 30 November 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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 Group 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, 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 the audit:

- the information given in the Group 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 Group 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
OAT 2012 LIMITED**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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. 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.

David Gratton BSc FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited, Statutory Auditor
Enterprise Way
Pinchbeck
Spalding
Lincolnshire
PE11 3YR

3 April 2020

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2019**

	Notes	2019 £	£	2018 £	£
TURNOVER	4		14,731,597		13,242,911
Cost of sales			<u>9,990,842</u>		<u>8,781,593</u>
GROSS PROFIT			4,740,755		4,461,318
Administrative expenses			<u>2,738,586</u>		<u>2,663,492</u>
			2,002,169		1,797,826
Other operating income			<u>148,410</u>		<u>64,512</u>
OPERATING PROFIT	6		2,150,579		1,862,338
Income from fixed asset investments		(167,898)		21,193	
Interest receivable and similar income	7	<u>6,645</u>		<u>2,311</u>	
			(161,253)		23,504
			1,989,326		1,885,842
Interest payable and similar expenses	8		<u>115</u>		<u>814</u>
PROFIT BEFORE TAXATION			1,989,211		1,885,028
Tax on profit	9		<u>293,063</u>		<u>367,527</u>
PROFIT FOR THE FINANCIAL YEAR			<u>1,696,148</u>		<u>1,517,501</u>
Profit attributable to:					
Owners of the parent			<u>1,696,148</u>		<u>1,517,501</u>

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2019**

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		1,696,148	1,517,501
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,696,148</u>	<u>1,517,501</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>1,696,148</u>	<u>1,517,501</u>

CONSOLIDATED BALANCE SHEET
30 NOVEMBER 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	12		(27,123)		(54,244)
Tangible assets	13		13,098,450		13,198,376
Investments	14		<u>5,222,557</u>		<u>5,929,084</u>
			18,293,884		19,073,216
CURRENT ASSETS					
Stocks	15	1,109,528		896,820	
Debtors	16	4,064,154		3,209,518	
Cash at bank and in hand		<u>1,517,315</u>		<u>887,279</u>	
		6,690,997		4,993,617	
CREDITORS					
Amounts falling due within one year	17	<u>2,903,865</u>		<u>2,718,447</u>	
NET CURRENT ASSETS			<u>3,787,132</u>		<u>2,275,170</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			22,081,016		21,348,386
CREDITORS					
Amounts falling due after more than one year	18		(33)		(33)
PROVISIONS FOR LIABILITIES	20		<u>(156,985)</u>		<u>(165,264)</u>
NET ASSETS			<u>21,923,998</u>		<u>21,183,089</u>
CAPITAL AND RESERVES					
Called up share capital	21		6,666		6,666
Share premium	22		12,393,334		12,393,334
Retained earnings	22		<u>9,523,998</u>		<u>8,783,089</u>
SHAREHOLDERS' FUNDS			<u>21,923,998</u>		<u>21,183,089</u>

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2020 and were signed on its behalf by:

S R Taylor - Director

COMPANY BALANCE SHEET
30 NOVEMBER 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	12		-		-
Tangible assets	13		-		-
Investments	14		<u>18,693,033</u>		<u>18,693,033</u>
			18,693,033		18,693,033
CURRENT ASSETS					
Cash at bank		25,573		25,688	
CREDITORS					
Amounts falling due within one year	17	<u>6,303,030</u>		<u>6,303,030</u>	
NET CURRENT LIABILITIES			<u>(6,277,457)</u>		<u>(6,277,342)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			12,415,576		12,415,691
CREDITORS					
Amounts falling due after more than one year	18		<u>33</u>		<u>33</u>
NET ASSETS			<u>12,415,543</u>		<u>12,415,658</u>
CAPITAL AND RESERVES					
Called up share capital	21		6,666		6,666
Share premium	22		12,393,334		12,393,334
Retained earnings	22		<u>15,543</u>		<u>15,658</u>
SHAREHOLDERS' FUNDS			<u>12,415,543</u>		<u>12,415,658</u>
Company's profit for the financial year			<u>955,124</u>		<u>559,833</u>

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2020 and were signed on its behalf by:

S R Taylor - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2019**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 December 2017	6,666	7,823,027	12,393,334	20,223,027
Changes in equity				
Dividends	-	(557,439)	-	(557,439)
Total comprehensive income	-	1,517,501	-	1,517,501
Balance at 30 November 2018	6,666	8,783,089	12,393,334	21,183,089
Changes in equity				
Dividends	-	(955,239)	-	(955,239)
Total comprehensive income	-	1,696,148	-	1,696,148
Balance at 30 November 2019	6,666	9,523,998	12,393,334	21,923,998

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 December 2017	6,666	13,264	12,393,334	12,413,264
Changes in equity				
Dividends	-	(557,439)	-	(557,439)
Total comprehensive income	-	559,833	-	559,833
Balance at 30 November 2018	<u>6,666</u>	<u>15,658</u>	<u>12,393,334</u>	<u>12,415,658</u>
Changes in equity				
Dividends	-	(955,239)	-	(955,239)
Total comprehensive income	-	955,124	-	955,124
Balance at 30 November 2019	<u>6,666</u>	<u>15,543</u>	<u>12,393,334</u>	<u>12,415,543</u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	998,717	1,787,035
Interest paid		(115)	(814)
Tax paid		(383,587)	(368,641)
Net cash from operating activities		<u>615,015</u>	<u>1,417,580</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(176,665)	(299,108)
Purchase of fixed asset investments		167,898	(21,193)
Sale of tangible fixed assets		46,055	54,153
Sale of fixed asset investments		636,007	(237,399)
Interest received		6,645	2,311
Dividends received		(167,898)	21,193
Net cash from investing activities		<u>512,042</u>	<u>(480,043)</u>
Cash flows from financing activities			
Amount introduced by directors		795,600	1
Amount withdrawn by directors		(337,382)	(116,536)
Equity dividends paid		(955,239)	(557,439)
Net cash from financing activities		<u>(497,021)</u>	<u>(673,974)</u>
Increase in cash and cash equivalents		<u>630,036</u>	<u>263,563</u>
Cash and cash equivalents at beginning of year	2	887,279	623,716
Cash and cash equivalents at end of year	2	<u><u>1,517,315</u></u>	<u><u>887,279</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2019**

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

	2019	2018
	£	£
Profit before taxation	1,989,211	1,885,028
Depreciation charges	233,100	220,907
(Profit)/loss on disposal of fixed assets	(127,063)	60,037
Finance costs	115	814
Finance income	161,253	(23,504)
	<u>2,256,616</u>	<u>2,143,282</u>
Increase in stocks	(212,708)	(34,757)
Increase in trade and other debtors	(854,636)	(142,934)
Decrease in trade and other creditors	(190,555)	(178,556)
Cash generated from operations	<u>998,717</u>	<u>1,787,035</u>

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 30 November 2019

	30/11/19	1/12/18
	£	£
Cash and cash equivalents	<u>1,517,315</u>	<u>887,279</u>

Year ended 30 November 2018

	30/11/18	1/12/17
	£	£
Cash and cash equivalents	<u>887,279</u>	<u>623,716</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

1. STATUTORY INFORMATION

OAT 2012 Limited is a limited company incorporated in England and Wales. The address of the registered office is given in the company information on page one of these financial statements. The nature of the group's operations and principal activities are detailed in the report of the directors on page three.

2. STATUTORY INFORMATION

OAT 2012 Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

3. 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.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

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

Going concern

Whilst many businesses will cease to function due to the ongoing situation, the company has sufficient resources to mitigate any potential reduction in sales due to our customers having to close. However, there is a potential business risk in relation to the supply of bulbs, as the company imports these from Europe, if there are restrictions placed on the supply chain. The directors are constantly reviewing costs to balance the reduced level of business and we will utilise government schemes as necessary. As such there is no material uncertainty as to the going concern status of the business.

Basis of consolidation

The group accounts consolidate the financial statements of the company and its subsidiary undertaking. Intra-group profits are eliminated on consolidation.

Turnover

Turnover represents the total value, excluding value added tax, of sales made during the year. Revenue from the sale of goods and services is recognised when significant risks and benefits of ownership of the product have transferred to the buyer at either despatch or acceptance by the customer of the delivery.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2012, is being amortised evenly over its estimated useful life of four years.

The surplus of fair value over cost on O A Taylor & Sons Bulbs Limited becoming a subsidiary on 16 March 2012 has been credited to negative goodwill. The negative goodwill will be written off over its expected useful life of 8 years and 10 months up to 31 December 2020 starting in the year it became a subsidiary.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Negative goodwill are being amortised evenly over their estimated useful life of nil years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- Straight line over 3 years

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2019**

3. ACCOUNTING POLICIES - continued

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Stocks and work in progress are valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slowing moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

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 within the profit and loss account in other administrative expenses.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, 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.

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 the shorter.

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

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2019

3. ACCOUNTING POLICIES - continued

Investments

The subsidiary, O A Taylor & Sons Bulbs Limited, trades as a partner in O A Taylor & Sons. This investment is stated at the balance on the partner's capital account in the partnership accounts. None of the assets or liabilities, except for taxation liabilities, of the partnership are included in these financial statements.

Other fixed asset investments are stated at cost less provision for permanent diminution in value.

Financial instruments

The company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, 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.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cashflows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, including trade and other 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 receipts discounted at a market rate of interest.

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. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are measured at amortised cost using the effective interest method.

4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	14,302,409	12,873,524
Europe	429,188	369,387
	<u>14,731,597</u>	<u>13,242,911</u>

5. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	2,636,840	2,437,665
Social security costs	263,184	249,670
Other pension costs	83,812	73,168
	<u>2,983,836</u>	<u>2,760,503</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2019

5. EMPLOYEES AND DIRECTORS - continued

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

	2019	2018
Management	3	3
Administration	37	37
Warehouse & drivers	69	64
	<u>109</u>	<u>104</u>
	2019	2018
	£	£
Directors' remuneration	282,294	280,321
Directors' pension contributions to money purchase schemes	<u>20,000</u>	<u>20,000</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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Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	108,226	108,125
Pension contributions to money purchase schemes	<u>10,000</u>	<u>10,000</u>

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Hire of plant and machinery	178,648	169,969
Depreciation - owned assets	260,221	248,029
(Profit)/loss on disposal of fixed assets	(127,063)	60,037
Negative goodwill amortisation	(27,121)	(27,121)
Auditors' remuneration	3,000	3,000
Auditors' remuneration for non audit work	12,629	14,048
Foreign exchange differences	<u>99,324</u>	<u>33,506</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Deposit account interest	<u>6,645</u>	<u>2,311</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	<u>115</u>	<u>814</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2019

9. TAXATION

Analysis of the tax charge

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

	2019 £	2018 £
Current tax:		
UK corporation tax	301,342	371,835
Deferred tax	(8,279)	(4,308)
Tax on profit	<u>293,063</u>	<u>367,527</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:

	2019 £	2018 £
Profit before tax	<u>1,989,211</u>	<u>1,885,028</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	377,950	358,155
Effects of:		
Expenses not deductible for tax purposes	(5,131)	(5,132)
Depreciation in excess of capital allowances	18,075	7,439
Partnership taxable (loss)/profits in excess of accounting (loss)/profits this year	(97,831)	7,065
Total tax charge	<u>293,063</u>	<u>367,527</u>

10. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

11. DIVIDENDS

	2019 £	2018 £
A Ordinary shares of £1 each		
Interim	795,600	397,800
B Ordinary shares of £1 each		
Interim	<u>159,639</u>	<u>159,639</u>
	<u>955,239</u>	<u>557,439</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2019

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Negative goodwill £	Totals £
COST			
At 1 December 2018 and 30 November 2019	150,500	(239,570)	(89,070)
AMORTISATION			
At 1 December 2018	150,500	(185,326)	(34,826)
Amortisation for year	-	(27,121)	(27,121)
At 30 November 2019	150,500	(212,447)	(61,947)
NET BOOK VALUE			
At 30 November 2019	-	(27,123)	(27,123)
At 30 November 2018	-	(54,244)	(54,244)

13. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 December 2018	12,223,535	1,768,092	150,306
Additions	-	186	-
Disposals	(2,348)	-	-
At 30 November 2019	12,221,187	1,768,278	150,306
DEPRECIATION			
At 1 December 2018	36,409	1,158,985	135,829
Charge for year	4,112	91,391	2,158
Eliminated on disposal	-	-	-
At 30 November 2019	40,521	1,250,376	137,987
NET BOOK VALUE			
At 30 November 2019	12,180,666	517,902	12,319
At 30 November 2018	12,187,126	609,107	14,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2019

13. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 December 2018	680,099	1,014,104	15,836,136
Additions	47,722	128,757	176,665
Disposals	(43,082)	-	(45,430)
At 30 November 2019	684,739	1,142,861	15,967,371
DEPRECIATION			
At 1 December 2018	407,463	899,074	2,637,760
Charge for year	76,441	86,119	260,221
Eliminated on disposal	(29,060)	-	(29,060)
At 30 November 2019	454,844	985,193	2,868,921
NET BOOK VALUE			
At 30 November 2019	229,895	157,668	13,098,450
At 30 November 2018	272,636	115,030	13,198,376

Included in cost of land and buildings is freehold land of £12,017,910 (2018 - £12,057,910) which is not depreciated.

14. FIXED ASSET INVESTMENTS

Group

	Interest in partnership £	Unlisted investments £	Totals £
COST			
At 1 December 2018	5,921,956	7,128	5,929,084
Share of profits	(167,898)	-	(167,898)
Withdrawals	(533,416)	(5,213)	(538,629)
At 30 November 2019	5,220,642	1,915	5,222,557
NET BOOK VALUE			
At 30 November 2019	5,220,642	1,915	5,222,557
At 30 November 2018	5,921,956	7,128	5,929,084

Company

	Interest in partnership £
COST	
At 1 December 2018 and 30 November 2019	18,693,033
NET BOOK VALUE	
At 30 November 2019	18,693,033
At 30 November 2018	18,693,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 201914. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary**O A Taylor & Sons Bulbs Limited**

Registered office:

Nature of business: Bulb wholesalers

	%
Class of shares:	holding
Ordinary	100.00

The figures for the year ended 30 November 2019 for O A Taylor & Sons Bulbs Limited are included within the consolidated financial statements.

15. **STOCKS**

	Group	
	2019	2018
	£	£
Raw materials	572,635	367,166
Work-in-progress	27,371	29,333
Finished goods	509,522	500,321
	<u>1,109,528</u>	<u>896,820</u>

There is no material difference between the carrying cost of stocks and its replacement value.

Impairments totalling £84,824 (2018 £81,059) were made against stock in the period.

Stocks recognised as an expense in the period were £7,154,325 (2018 £6,268,866).

16. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group	
	2019	2018
	£	£
Trade debtors	3,941,067	3,075,380
Amounts owed by group undertakings	-	1,464
Other debtors	93,000	93,000
Prepayments and accrued income	30,087	39,674
	<u>4,064,154</u>	<u>3,209,518</u>

17. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	1,113,805	1,345,145	-	-
Amounts owed to group undertakings	-	-	5,629,800	6,088,018
Corporation Tax	64,741	146,986	-	-
Social security and other taxes	102,867	96,034	-	-
VAT	590,042	582,519	-	-
Directors' loan accounts	673,200	214,982	673,200	214,982
Accruals and deferred income	359,210	332,781	30	30
	<u>2,903,865</u>	<u>2,718,447</u>	<u>6,303,030</u>	<u>6,303,030</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2019

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Redeemable C shares	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>

19. FINANCIAL INSTRUMENTS

Group

The group has the following financial instruments:

	2019	2018
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	3,941,067	3,075,380
Other debtors	<u>93,000</u>	<u>93,000</u>
Financial liabilities measured at amortised cost		
Trade creditors	1,113,805	1,345,145
Directors' loan accounts	713,200	214,982
Redeemable C shares	<u>33</u>	<u>33</u>

Company

The company has the following financial instruments:

	2019	2018
	£	£
Financial assets that are debt instruments measured at amortised cost		
Amounts owed to group	<u>5,589,800</u>	<u>6,088,018</u>
Financial liabilities measured at amortised cost		
Directors' loan accounts	713,200	214,982
Redeemable C shares	<u>33</u>	<u>33</u>

There is no interest income or expense for financial assets and liabilities that are not measured at fair value through profit and loss.

20. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018
	£	£
Deferred tax	<u>156,985</u>	<u>165,264</u>
Group		
		Deferred tax
		£
Balance at 1 December 2018		165,264
Credit to Income Statement during year		<u>(8,279)</u>
Balance at 30 November 2019		<u>156,985</u>

The whole of the deferred tax liability relates to accelerated capital allowances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2019

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2019 £	2018 £
1,300	A Ordinary	£1	1,300	1,300
5,366	B Ordinary	£1	<u>5,366</u>	<u>5,366</u>
			<u>6,666</u>	<u>6,666</u>

Shareholders' Rights

Both 'A' ordinary and 'B' ordinary shares confer the right to received notice of and attend general meetings as well as the right to vote, both ranking equally. They both have full rights to participate in dividend distributions to the extent declared within their respective class as directed by resolution of the members or decision of the directors. They both have equal and full rights to participate in capital distributions (or on disposals), ranking both ahead of the 'C' shares. Neither the 'A' ordinary nor the 'B' ordinary shares are redeemable.

The redeemable 'C' shares do not carry voting rights except where class rights are affected and do not confer the right to participate in dividends. They have the right to participate in distribution of capital only where total distribution exceeds £25,000,000 plus an allowance for any movement in the retail price index. They are redeemable at par on the first business day after 31 December 2020.

22. RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1 December 2018	8,783,089	12,393,334	21,176,423
Profit for the year	1,696,148		1,696,148
Dividends	(955,239)		(955,239)
At 30 November 2019	<u>9,523,998</u>	<u>12,393,334</u>	<u>21,917,332</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 December 2018	15,658	12,393,334	12,408,992
Profit for the year	955,124		955,124
Dividends	(955,239)		(955,239)
At 30 November 2019	<u>15,543</u>	<u>12,393,334</u>	<u>12,408,877</u>

23. PENSION COMMITMENTS

The group operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. During the period the group made contributions on behalf of 2 directors totalling £20,000 (2018 £20,000). The group also makes contributions towards selected employees' personal pension policies. The pension charge represents contributions due from the group and amounted to £83,811 (2018 £73,168).

24. OTHER FINANCIAL COMMITMENTS

At the balance sheet date, the group had outstanding currency option deals of a sterling equivalent to a maximum of £1,323,737. This is in respect of forward contracts in Euros purchased as a hedge against fluctuations in currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2019

25. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

At the period end the group owed the directors £673,200 (2018 £214,982) in respect of their directors loan accounts.

Entities over which the entity has control, joint control or significant influence

	2019	2018
	£	£
Sales	92,149	91,212
Purchases	667,092	549,457
Amount due from related party	<u>5,392,285</u>	<u>5,898,363</u>

Other related parties

	2019	2018
	£	£
Sales	444	-
Purchases	-	420
Amount due from related party	<u>93,000</u>	<u>93,000</u>

26. ULTIMATE CONTROLLING PARTY

At the balance sheet date there was no controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.