Registered number: NI027321

Westland Horticulture Limited

Annual report and consolidated financial statements

for the year ended 31 August 2018

Westland Horticulture Limited

Annual report and consolidated financial statements for the year ended 31 August 2018

Westland Horticulture Limited

Directors and advisers

Directors

Edward Conroy
Robert Lavery
John McVeigh
John McDowell
Keith Nicholson
Scott Dougherty
Peter Madden
Michael Murdock (appointed 1 October 2018)

Company secretary

John McVeigh

Registered office

14 Granville Industrial Estate
Granville Road
Dungannon
Tyrone
Northern Ireland
BT70 1NJ

Solicitors

Tughans
Marlborough House
30 Victoria Street
Belfast
BT1 3GG

Bankers

Danske Bank
Donegall Square West Branch
PO BOX 183
Belfast
BT1 6JS

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Strategic report for the year ended 31 August 2018

The directors present their strategic report on the group and the company for the year ended 31 August 2018.

Principal activities

The principal activities of the group are the processing and distribution of products for the gardening and horticulture markets and the sale of bird seed and related products.

Review of the business and future developments

Performance

The group's recorded profit for the financial year of £4,747,211 (2017: £4,099,391). The trading results and year end financial position were considered to be satisfactory. The directors believe that there are still opportunities for growth as new lines are introduced to the growing media and fertilizer market.

The directors are satisfied with the results for the year. The directors have plans in place to ensure the group is strongly placed to retain its market position and continued profitability. Since the year end performance to date has been encouraging.

Risks

The core risks associated with the group's financial instruments (i.e. its interest bearing loans and debt, cash and cash equivalents, short dated liquid investments and finance leases and on the operational trade receivables and payables) are currency risk, interest rate risk, credit risk and liquidity risk.

Key performance indicators (KPIs)

The group's key performance indicators are as follows:

	2018	2017	2016
Movement in sales	**1%**	2%	32%
Gross margin	**25%**	25%	26%
Net profit percentage	**4%**	3%	2%
Employee numbers	**606**	588	590

Movement in sales: These figures represent the movement in sales for the year ended 31 August 2018, year ended 31 August 2017 and the year ended 31 August 2016.

Gross margin: The overall gross margin has remained reasonably constant.

Net profit percentage: The net profit percentage has remained reasonably constant.

Financial risk management

The group's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

Given the size of the group, 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 group finance department.

Strategic report for the year ended 31 August 2018 (continued)

Financial risk management (continued)

Foreign exchange risk

While the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to some foreign exchange risk in the normal course of business, principally from sales and purchases in euros. The group has used financial instruments to hedge foreign exchange exposure and this position is kept constantly under review.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The group has no significant concentration of credit risk with the total exposure spread over a number of debtors. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the board.

Liquidity risk

The group actively maintains a mixture of short to medium-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

Interest rate risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at both fixed and variable rates. Interest bearing liabilities relate to bank loans, overdrafts and finance lease agreements. The group debt is primarily maintained at variable rates although it also utilises a number of fixed rate loans.

On behalf of the Board

John McVeigh
Director
18 April 2019

Directors' report for the year ended 31 August 2018

The directors present their report and the audited consolidated financial statements of the group and company for the year ended 31 August 2018.

Results and dividends

The results for the group show a profit for the financial year of £4,747,211 (2017: £4,099,391) on sales of £132,407,336 (2017: £130,512,051) for the financial year. A cash dividend of £1,483,510 (2017: £1,483,510) was paid during the year. The directors do not recommend a final dividend be paid (2017: £nil).

Directors

The directors of the company who were in office during the year, and up to the date of signing the financial statements, are shown below:

Edward Conroy
Robert Lavery
John McVeigh
John McDowell
Keith Nicholson
Scott Dougherty
Peter Madden
Michael Murdock (appointed 1 October 2018)

Environment

The group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The group is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

The group's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the group has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Research and development activities

The group is strongly committed to research and development activities in order to secure and enhance its market position. Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Employment policies

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the group.

Political donations

No donations for political purposes were made during the year (2017: £nil).

Post balance sheet events

On 15 October 2018, Westland (GM) Limited was incorporated as a subsidiary of Westland Horticulture Limited. Westland (GM) Limited acquired the trade and assets of Gardman Limited on 16 October 2018, a company registered in the United Kingdom for consideration of £4,000,000. No fair value assessment has been performed as the completion accounts have not yet been finalised.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Future developments

The section on future developments which is detailed in the strategic report is included in this report by cross reference.

Directors' report for the year ended 31 August 2018 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board

John McVeigh
Director
18 April 2019

Independent auditors' report to the members of Westland Horticulture Limited

Report on the audit of the financial statements

Opinion

In our opinion, Westland Horticulture Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 August 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 August 2018; the consolidated profit and loss account and the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Westland Horticulture Limited (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 August 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Westland Horticulture Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Brenda Heenan

Brenda Heenan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
18 April 2019

Westland Horticulture Limited

Consolidated profit and loss account for the year ended 31 August 2018

	Note	2018 £	2017 £
Turnover	5	**132,407,336**	130,512,051
Cost of sales		**(99,123,621)**	(98,045,703)
Gross profit		**33,283,715**	32,466,348
Distribution costs		**(12,305,813)**	(12,345,194)
Administrative expenses		**(12,011,768)**	(12,495,222)
Exceptional items	6	**(2,860,319)**	(2,611,245)
Other operating income		**429,184**	205,488
Operating profit	7	**6,534,999**	5,220,175
Interest payable and similar expenses	10	**(330,209)**	(209,416)
Profit before taxation		**6,204,790**	5,010,759
Tax on profit	11	**(1,457,579)**	(911,368)
Profit for the financial year		**4,747,211**	4,099,391
Profit attributable to:			
Owners of the parent		**4,749,589**	4,102,289
Minority interests	28	**(2,378)**	(2,898)
Profit for the financial year		**4,747,211**	4,099,391

The notes on pages 16 to 35 are an integral part of these financial statements.

Consolidated statement of comprehensive income for the year ended 31 August 2018

	2018 £	2017 £
Profit for the financial year	**4,747,211**	4,099,391
Currency translation differences on foreign currency net investments	**141,280**	(466,106)
Movement on revaluation of tangible assets	**17,769,435**	-
Movement on deferred tax in relation to the revaluation of tangible assets	**(2,524,227)**	-
Total comprehensive income for the year, net of tax	**20,133,699**	3,633,285
Total comprehensive income attributed to:		
Owners of the parent	**20,136,077**	3,636,183
Minority interests	**(2,378)**	(2,898)
Total comprehensive income for the year, net of tax	**20,133,699**	3,633,285

Consolidated balance sheet as at 31 August 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	**2,252,091**	2,823,853
Tangible assets	14	**42,019,575**	25,238,420
Investments	15	**38,755**	38,755
		44,310,421	28,101,028
Current assets			
Stocks	16	**17,725,186**	20,070,585
Debtors	17	**22,006,647**	25,980,899
Cash at bank and in hand		**19,331,254**	14,055,098
		59,063,087	60,106,582
Creditors: amounts falling due within one year	18	**(54,525,385)**	(56,374,884)
Net current assets		**4,537,702**	3,731,698
Total assets less current liabilities		**48,848,123**	31,832,726
Creditors: amounts falling due after more than one year	19	**(4,265,642)**	(8,360,223)
Provisions for liabilities	21	**(2,583,389)**	(123,600)
Net assets		**41,999,092**	23,348,903
Capital and reserves			
Called up share capital	24	**8,422**	8,422
Capital redemption reserve		**1,578**	1,578
Revaluation reserve		**15,245,208**	-
Profit and loss account		**26,765,799**	23,358,440
Total shareholders' funds		**42,021,007**	23,368,440
Minority interests	28	**(21,915)**	(19,537)
Capital employed		**41,999,092**	23,348,903

The notes on pages 16 to 35 are an integral part of these financial statements.

The financial statements on pages 10 to 35 were approved by the board of directors on 18 April 2019 and were signed on its behalf by:

John McVeigh
Director

Company balance sheet as at 31 August 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	**2,250,603**	2,813,247
Tangible assets	14	**38,884,368**	25,051,588
Investments	15	**3,849,519**	1,484,864
		44,984,490	29,349,699
Current assets			
Stocks	16	**16,123,645**	18,922,741
Debtors	17	**24,984,019**	32,348,724
Cash at bank and in hand		**19,035,568**	13,955,388
		60,143,232	65,226,853
Creditors: amounts falling due within one year	18	**(53,231,316)**	(54,765,489)
Net current assets		**6,911,916**	10,461,364
Total assets less current liabilities		**51,896,406**	39,811,063
Creditors: amounts falling due after more than one year	19	**(3,504,133)**	(7,889,830)
Provisions for liabilities	21	**(2,583,389)**	(123,600)
Net assets		**45,808,884**	31,797,633
Capital and reserves			
Called up share capital	24	**8,422**	8,422
Capital redemption reserve		**1,578**	1,578
Revaluation reserve		**12,324,170**	-
Profit and loss account			
At 1 September		**31,787,633**	28,012,738
Profit for the financial year		**3,170,591**	5,258,405
Dividends paid		**(1,483,510)**	(1,483,510)
At 31 August		**33,474,714**	31,787,633
Total shareholders' funds		**45,808,884**	31,797,633

The notes on pages 16 to 35 are an integral part of these financial statements.

The financial statements on pages 10 to 35 were approved by the board of directors on 18 April 2019 and were signed on its behalf by:

John McVeigh
Director

Registered number: NI027321

Consolidated statement of changes in equity for year ended 31 August 2018

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £	Minority interests £	Capital employed £
Balance as at 1 September 2016	8,422	1,578	21,205,767	21,215,767	(16,639)	21,199,128
Profit/(loss) for the financial year	-	-	4,102,289	4,102,289	(2,898)	4,099,391
Currency transaction differences	-	-	(466,106)	(466,106)	-	(466,106)
Total comprehensive income/(expense) for the year	-	-	3,636,183	3,636,183	(2,898)	3,633,285
Dividends paid	-	-	(1,483,510)	(1,483,510)	-	(1,483,510)
Total transactions with owners recognised directly in equity	-	-	(1,483,510)	(1,483,510)	-	(1,483,510)
Balance as at 31 August 2017	8,422	1,578	23,358,440	23,368,440	(19,537)	23,348,903

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Revaluation reserve £	Total shareholders' funds £	Minority interests £	Capital employed £
Balance as at 1 September 2017	8,422	1,578	23,358,440	-	23,368,440	(19,537)	23,348,903
Profit/(loss) for the financial year	-	-	4,749,589	-	4,749,589	(2,378)	4,747,211
Movement in revaluation of tangible assets	-	-	-	17,769,435	17,769,435	-	17,769,435
Movement in deferred taxation relating to the revaluation of tangible assets	-	-	-	(2,524,227)	(2,524,227)	-	(2,524,227)
Currency translation differences	-	-	141,280	-	141,280	-	141,280
Total comprehensive income/(expense) for the year	-	-	4,890,869	15,245,208	20,136,077	(2,378)	20,133,699
Dividends paid	-	-	(1,483,510)	-	(1,483,510)	-	(1,483,510)
Total transactions with owners recognised directly in equity	-	-	(1,483,510)	-	(1,483,510)	-	(1,483,510)
Balance as at 31 August 2018	**8,422**	**1,578**	**26,765,799**	**15,245,208**	**42,021,007**	**(21,915)**	**41,999,092**

Company statement of changes in equity for the year ended 31 August 2018

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £
Balance as at 1 September 2016	8,422	1,578	28,012,738	28,022,738
Profit for the financial year	-	-	5,258,405	5,258,405
Total comprehensive income for the year	-	-	5,258,405	5,258,405
Dividends paid	-	-	(1,483,510)	(1,483,510)
Total transactions with owners recognised directly in equity	-	-	(1,483,510)	(1,483,510)
Balance as at 31 August 2017	8,422	1,578	31,787,633	31,797,633

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Revaluation reserve £	Total shareholders' funds £
Balance as at 1 September 2017	8,422	1,578	31,787,633	-	31,797,633
Profit for the financial year	-	-	3,170,591	-	3,170,591
Movement on revaluation of tangible assets	-	-	-	14,848,397	14,848,397
Movement in deferred taxation relating to the revaluation of tangible assets	-	-	-	(2,524,227)	(2,524,227)
Total comprehensive income for the year	-	-	3,170,591	12,324,170	15,494,761
Dividends paid	-	-	(1,483,510)	-	(1,483,510)
Total transactions with owners recognised directly in equity	-	-	(1,483,510)	-	(1,483,510)
Balance as at 31 August 2018	**8,422**	**1,578**	**33,474,714**	**12,324,170**	**45,808,884**

Consolidated cash flow statement for the year ended 31 August 2018

	Note	2018 £	2017 £
Net cash inflow from operating activities	25	**16,787,819**	4,170,521
Taxation paid		**(353,913)**	(1,784,833)
Net cash generated from operating activities		**16,433,906**	2,385,688
Cash flow from investing activities			
Purchase of tangible fixed assets		**(2,764,925)**	(7,306,789)
Proceeds on disposals of tangible fixed assets		**176,476**	2,275,681
Net cash used in investing activities		**(2,588,449)**	(5,031,108)
Cash flow from financing activities			
Interest paid		**(330,209)**	(209,416)
Bank loans advanced		**-**	2,000,000
Bank loans repaid		**(3,854,848)**	(3,575,814)
Repayment of principal under finance lease agreements		**(258,997)**	(107,934)
(Advances to)/repayments from other group & related undertakings		**(2,641,737)**	9,390,622
Dividends paid		**(1,483,510)**	(1,483,510)
Receipts of government grants		**-**	264,268
Net cash (used in)/generated from financing activities		**(8,569,301)**	6,278,216
Net increase in cash in the year		**5,276,156**	3,632,796
Cash and cash equivalents at the beginning of the year		**14,055,098**	10,422,302
Cash and cash equivalents at the end of the year		**19,331,254**	14,055,098

Cash and cash equivalents consists of:		
Cash at bank and in hand	**19,331,254**	14,055,098
Cash and cash equivalents	**19,331,254**	14,055,098

Notes to the financial statements for the year ended 31 August 2018

1 General information

Westland Horticulture Limited ('the company') and its subsidiaries (together "the group") operate in processing and distribution of products for the gardening and horticulture markets and the sale of bird seed and related products.

The company is a private company limited by shares and is incorporated in Northern Ireland in the United Kingdom. The address of its registered office is 14 Granville Industrial Estate, Granville Road, Dungannon, Co Tyrone, Northern Ireland, BT70 1NJ.

2 Statement of compliance

The group and company financial statements of Westland Horticulture Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4. The company has taken advantage of the exemption in Section 408 of the Companies Act 2006 from disclosing its individual profit and loss account.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 31 August 2018.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

Where the consideration receivable in cash at bank and in hand is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The group recognises turnover when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to each of the group's sales channels have been met, as described below.

Turnover is recognised on customer receipt of goods.

Exceptional items

The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

Notes to the financial statements for the year ended 31 August 2018 (continued)

3 Summary of significant accounting policies (continued)

Employee benefits

The group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The group operates a defined contribution scheme for specific directors and employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. 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. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3 Summary of significant accounting policies (continued)

Goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

(i) Goodwill - 10% straight line
(ii) Patents - 10% straight line
(iii) Brands - 10% straight line
(iv) Customer relationships - 10% straight line

Amortisation is charged to administrative expenses in the profit and loss account.

Negative goodwill arising on acquisitions up to the fair values of the non-monetary assets acquired is recognised in the profit and loss account in the periods in which the non-monetary assets are recovered, whether through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised in the profit and loss account in the periods expected to be benefited.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

Notes to the financial statements for the year ended 31 August 2018 (continued)

3 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Tangible assets and depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Freehold land, buildings and boglands

Freehold buildings and boglands are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

(ii) Long leasehold land and buildings

Long leasehold buildings are amortised over 50 years or, if shorter, the period of the lease. Freehold land is not depreciated.

(iii) Plant and machinery, fixtures and fittings and motor vehicles

Plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses.

(iv) Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

Freehold buildings	-	4% straight line
Leasehold buildings	-	straight line over the life of the lease
Plant and machinery	-	15% - 20% straight line
Boglands	-	4% straight line
Fixtures and fittings	-	20% - 25% straight line
Motor vehicles	-	25% straight line
Land	-	Not depreciated

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(v) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

3 Summary of significant accounting policies (continued)

Tangible assets and depreciation (continued)

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. Repairs, maintenance and minor inspection costs are expensed as incurred.

(vi) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

(vii) Revaluation of tangible assets

Freehold land and buildings and plant and machinery were revalued to fair value during the year with the surplus on book value being transferred to the revaluation reserve.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Investments

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. In the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity.

Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment charge is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Foreign currencies

(i) Functional and presentation currency

The group financial statements are presented in pound sterling.

The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Notes to the financial statements for the year ended 31 August 2018 (continued)

3 Summary of significant accounting policies (continued)

(ii) Transactions and balances (continued)

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(iii) Translation

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in "Other comprehensive income" and allocated to non-controlling interest as appropriate.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, directors' current accounts, amounts due from group undertakings and related parties and 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. Such assets are subsequently carried at amortised cost using the effective interest method.

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 cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and overdrafts, directors' current accounts and amounts due to group undertakings and related parties 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.

Notes to the financial statements for the year ended 31 August 2018 (continued)

3 Summary of significant accounting policies (continued)

(ii) *Financial liabilities (continued)*

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables 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 presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and 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.

Leased assets

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful economic life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Rentals under operating leases are charged to the profit and loss account as incurred.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the group's shareholders are recognized as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognized in the statement of changes in equity.

Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

4 Critical accounting judgements and estimation uncertainty

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

(a) Critical judgements in applying the group's accounting policies

There are no critical judgements in applying the group's accounting policies.

Notes to the financial statements for the year ended 31 August 2018 (continued)

4 Critical accounting judgements and estimation uncertainty (continued)

(b) Key accounting estimates and assumptions

There are no key accounting estimates and assumptions in applying the group's accounting policies.

5 Turnover

All turnover is generated in the United Kingdom, with the exception of turnover attributable to the subsidiary, Seramis GmbH which is generated from Germany. No analysis of turnover and profit before tax is provided as the directors consider that such disclosure would be seriously prejudicial to the interests of the group.

6 Exceptional items

Administration expenses includes an exceptional provision for doubtful debt of £1,690,226 (2017: £2,600,000), £nil impairment of investments (2017: £11,245) and £1,170,093 (2017: £nil) of exceptional costs in relation to the implementation of business systems software.

7 Operating profit

This is stated after charging/(crediting):	**2018** £	2017 £
Amortisation of intangible assets	**613,587**	622,115
Amortisation of negative goodwill	**(42,092)**	(42,092)
Impairment of trade receivables	**152,329**	32,389
Stock recognised as an expense	**64,577,688**	62,821,152
Depreciation of owned tangible assets	**3,515,627**	3,348,380
Depreciation of tangible assets held under finance lease	**145,687**	80,937
Foreign currency (gains) / losses	**(153,021)**	454,681
Government revenue grants received	**(260,538)**	(71,791)
Capital grants released	**(168,647)**	(133,696)
Profit on sale of tangible fixed assets	**(87,655)**	(528,782)
Impairment of investments	**-**	11,245
Operating lease rentals	**1,314,582**	1,108,387
Fees payable to the company's auditors for the audit of the financial statements of the parent company and the consolidation	**48,410**	48,410
Fees payable to the company's auditors for the audit of the financial statements of subsidiaries of the company pursuant to legislation	**1,800**	1,800
Fees payable to the company's auditors for other services relating to taxation compliance	**124,603**	123,603

Notes to the financial statements for the year ended 31 August 2018 (continued)

8 Employee information

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Wages and salaries	**17,960,151**	17,373,595	**16,035,236**	15,360,059
Social security costs	**1,864,068**	1,855,198	**1,508,793**	1,553,179
Other pension costs	**669,047**	497,919	**543,976**	470,667
	20,493,266	19,726,712	**18,088,005**	17,383,905

	Group		Company	
	2018	2017	**2018**	2017
	Number	Number	**Number**	Number
Average monthly number of persons employed by the group (including directors) during the year by activity:				
Selling and distribution	**146**	142	**129**	133
Production	**329**	320	**319**	311
Administration	**131**	126	**112**	112
	606	588	**560**	556

9 Directors' remuneration

	2018	2017
	£	£
Aggregate remuneration	**784,655**	961,408
Company contributions paid to money purchase schemes	**89,318**	87,812
	873,973	1,049,220

Retirement benefits are accruing to six (2017: six) directors under the defined contribution scheme.

	2018	2017
	£	£
Highest paid director:		
Aggregate remuneration	**214,784**	256,896

Key management is defined as the directors as disclosed above.

10 Interest payable and similar expenses

	2018	2017
	£	£
Interest payable on bank loans and overdrafts	**330,209**	209,416

Notes to the financial statements for the year ended 31 August 2018 (continued)

11 Tax on profit

	2018	2017
	£	£
Current tax:		
UK corporation tax on profits for the year	**1,783,718**	1,740,301
Adjustment in respect of previous years	**(261,701)**	(651,754)
Total current tax	**1,522,017**	1,088,547
Deferred tax:		
Accelerated capital allowances and other timing differences	**(21,858)**	(221,038)
Adjustment in respect of previous years	**(47,010)**	36,106
Adjustment in respect of rate change	**4,430**	7,753
Total deferred tax	**(64,438)**	(177,179)
Total tax charge on profit	**1,457,579**	911,368

The tax assessed for the year differs from (2017: differs from) the standard rate of corporation tax in the UK of 19% (2017: 19.58%). The differences are explained below:

	2018	2017
	£	£
Profit before tax	**6,204,790**	5,010,759
Profit multiplied by standard rate in the UK of 19% (2017: 19.58%)	**1,178,910**	981,107
Effects of:		
Non taxable income	**(32,043)**	(40,236)
Expenses not deductible for tax purposes	**582,762**	609,030
Adjustment in respect of previous years	**(308,711)**	(615,648)
Change in tax rates	**4,430**	7,753
Group relief not paid for	**(148,465)**	(257,573)
Unutilised losses for which no deferred tax asset is recognised	**180,696**	226,935
Total tax charge on profit	**1,457,579**	911,368

Factors that may affect future tax charges

The prevailing UK corporation tax rate was substantively enacted as part of the Finance Act 2018 on 15 March 2018. This reduces the main rate of tax to 17% from April 2020. The deferred tax assets and liabilities reflect these rates.

12 Dividends

	2018	2017
Group and company	£	£
Dividends paid		
Interim dividend paid of £176.15 per £1 ordinary share (2017: £176.15)	**1,483,510**	1,483,510

Notes to the financial statements for the year ended 31 August 2018 (continued)

13 Intangible assets

Group	Goodwill £	Patents £	Brands £	Customer relationships £	Negative goodwill £	Total £
Cost						
At 1 September 2017	5,626,470	45,460	395,284	25,636	(420,925)	5,671,925
Currency translation differences	-	(811)	-	-	-	(811)
At 31 August 2018	**5,626,470**	**44,649**	**395,284**	**25,636**	**(420,925)**	**5,671,114**
Accumulated amortisation						
At 1 September 2017	2,813,223	34,849	79,056	5,128	(84,184)	2,848,072
Charge for the year	562,644	8,851	39,528	2,564	(42,092)	571,495
Currency translation differences	-	(544)	-	-	-	(544)
At 31 August 2018	**3,375,867**	**43,156**	**118,584**	**7,692**	**(126,276)**	**3,419,023**
Net book amount						
At 31 August 2018	**2,250,603**	**1,493**	**276,700**	**17,944**	**(294,649)**	**2,252,091**
At 31 August 2017	2,813,247	10,611	316,228	20,508	(336,741)	2,823,853

Company	Goodwill £
Cost	
At 1 September 2017 and **31 August 2018**	**5,626,470**
Accumulated amortisation	
At 1 September 2017	2,813,223
Charge for the year	562,644
At 31 August 2018	**3,375,867**
Net book amount	
At 31 August 2018	**2,250,603**
At 31 August 2017	2,813,247

Notes to the financial statements for the year ended 31 August 2018 (continued)

14 Tangible assets

Group	Freehold land and buildings £	Long leasehold land and buildings £	Plant and machinery £	Boglands £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation							
At 1 September 2017	18,146,951	1,504,009	32,948,922	-	3,523,635	164,793	56,288,310
Additions	396,472	17,121	1,824,078	-	500,884	26,370	2,764,925
Disposals	-	-	(247,996)	-	-	-	(247,996)
Transfers	(400,000)	-	-	400,000	-	-	-
Currency translation differences	-	(2,297)	(3,273)	-	(539)	-	(6,109)
At 31 August 2018	**18,143,423**	**1,518,833**	**34,521,731**	**400,000**	**4,023,980**	**191,163**	**58,799,130**
Accumulated depreciation							
At 1 September 2017	5,256,825	271,492	22,273,169	-	3,124,235	124,169	31,049,890
Charge for the year	720,622	64,385	2,718,612	16,000	120,285	21,410	3,661,314
Disposals	-	-	(159,174)	-	-	-	(159,174)
Revaluations	(2,247,000)	-	(15,522,435)	-	-	-	(17,769,435)
Transfers	(31,251)	-	-	31,251	-	-	-
Currency translation differences	-	(1,569)	(1,077)	-	(394)	-	(3,040)
At 31 August 2018	**3,699,196**	**334,308**	**9,309,095**	**47,251**	**3,244,126**	**145,579**	**16,779,555**
Net book amount							
At 31 August 2018	**14,444,227**	**1,184,525**	**25,212,636**	**352,749**	**779,854**	**45,584**	**42,019,575**
At 31 August 2017	12,890,126	1,232,517	10,675,753	-	399,400	40,624	25,238,420

Freehold land and buildings and plant and machinery were professionally valued by independent valuers in April 2017 on the basis of open market value for existing use by Rushton International and Igds Engineering GmbH, with subsequent additions recognised at cost.

The historical cost for revalued assets at 31 August 2018 is as follows:

Group	Freehold land and buildings £	Plant and machinery £
Cost	**18,799,874**	**33,853,888**
Accumulated depreciation	**(6,056,793)**	**(24,507,012)**
Net book amount	**12,743,081**	**9,346,876**

The net book amount of plant and machinery includes an amount of £1,068,376 (2017: £1,214,063) in respect of assets held under finance lease agreements. Depreciation for the year on these assets was £145,687 (2017: £80,937).

Tangible assets with a net book value of £42,019,575 (2017: £25,238,420) are pledged as security against the group's bank loans.

Notes to the financial statements for the year ended 31 August 2018 (continued)

14 Tangible assets (continued)

Company	Freehold land and buildings £	Long leasehold land and buildings £	Plant and machinery £	Boglands £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation							
At 1 September 2017	18,146,951	1,375,394	32,745,654	-	3,481,549	164,793	55,914,341
Additions	396,472	17,121	1,783,115	-	476,877	26,370	2,699,955
Disposals	-	-	(247,996)	-	-	-	(247,996)
Transfers	(400,000)	-	-	400,000	-	-	-
At 31 August 2018	**18,143,423**	**1,392,515**	**34,280,773**	**400,000**	**3,958,426**	**191,163**	**58,366,300**
Accumulated depreciation							
At 1 September 2017	5,256,825	182,300	22,201,420	-	3,098,039	124,169	30,862,753
Charge for the year	720,622	61,720	2,695,138	16,000	111,862	21,410	3,626,752
Disposals	-	-	(159,176)	-	-	-	(159,176)
Revaluations	(2,247,000)	-	(12,601,397)	-	-	-	(14,848,397)
Transfers	(31,251)	-	-	31,251	-	-	-
At 31 August 2018	**3,699,196**	**244,020**	**12,135,985**	**47,251**	**3,209,901**	**145,579**	**19,481,932**
Net book amount							
At 31 August 2018	**14,444,227**	**1,148,495**	**22,144,788**	**352,749**	**748,525**	**45,584**	**38,884,368**
At 31 August 2017	12,890,126	1,193,094	10,544,234	-	383,510	40,624	25,051,588

Freehold land and buildings and plant and machinery were professionally valued by independent valuers in April 2017 on the basis of open market value for existing use by Rushton International, with subsequent additions recognised at cost.

The historical cost for revalued assets at 31 August 2018 is as follows:

Company	Freehold land and buildings £	Plant and machinery £
Cost	**18,551,209**	**32,220,177**
Accumulated depreciation	**(5,844,156)**	**(23,019,674)**
Net book amount	**12,707,053**	**9,200,503**

The net book amount of plant and machinery includes an amount of £1,068,376 (2017: £1,214,063) in respect of assets held under finance lease agreements. Depreciation for the year on these assets was £145,687 (2017: £80,937).

Tangible assets with a net book value of £38,884,368 (2017: £25,051,588) are pledged as security against the group's bank loans.

Notes to the financial statements for the year ended 31 August 2018 (continued)

15 Investments

Group	Other investments £
Cost	
At 1 September 2017 and **31 August 2018**	**38,755**

The market value of the listed investments at 31 August 2018 was £38,755 (2017: £38,755).

Company	Other investments £	Shares in group undertakings £	Total £
Cost			
At 1 September 2017	38,755	1,446,109	1,484,864
Additions	-	3,564,655	3,564,655
Impairment	-	(1,200,000)	(1,200,000)
At 31 August 2018	**38,755**	**3,810,764**	**3,849,519**

The market value of the listed investments at 31 August 2018 was £38,755 (2017: £38,755). A provision for impairment of £1,200,000 has been made against the Seramis GmbH investment.

Details of undertakings

The company holds directly more than 20% of the share capital in the following companies:

Subsidiary undertaking	Holdings	Proportion of voting rights and shares held	Principal activity
Seramis GmbH	Ordinary shares	99.75%	Supply of horticulture products
Westland Schweiz GmbH	Ordinary shares	100%	Supply of horticulture products

The registered office address of Seramis GmbH is Am Bollscheid 50, D-56424, Magendorf, Germany.
The registered office address of Westland Schweiz GmbH is Rudolf-Maag-Strasse 5, CH-8157 Dielsdorf, Switzerland.

16 Stocks

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Raw materials	**9,636,539**	10,054,406	**9,205,146**	10,010,295
Finished goods	**8,088,647**	10,016,179	**6,918,499**	8,912,446
	17,725,186	20,070,585	**16,123,645**	18,922,741

Group and company stocks are stated after provisions for impairment of £1,444,475 (2017: £1,495,814).

Notes to the financial statements for the year ended 31 August 2018 (continued)

17 Debtors

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Trade debtors	**16,158,919**	20,050,339	**15,086,787**	19,142,808
Amounts owed by group undertakings	**3,658,916**	3,267,093	**7,774,287**	10,685,840
Amounts owed by related parties (note 26)	**-**	16,183	**-**	16,183
Corporation tax	**-**	530,059	**-**	530,059
Other debtors	**487,012**	464,785	**421,145**	321,394
Directors' current accounts (note 26)	**65,001**	65,001	**65,001**	65,001
Prepayments and accrued income	**1,636,799**	1,587,439	**1,636,799**	1,587,439
	22,006,647	25,980,899	**24,984,019**	32,348,724

Amounts owed by group undertakings and related parties are unsecured, interest free and payable on demand.

Group and company trade debtors are stated after provisions for impairment of £892,716 (2017: £761,276).

18 Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Bank loans (note 19)	**3,958,054**	3,854,847	**3,958,054**	3,854,847
Trade creditors	**9,811,067**	10,798,582	**9,090,173**	9,945,924
Obligations under finance lease contracts	**258,996**	258,997	**258,996**	258,997
Amounts owed to group undertakings	**18,795,442**	20,247,768	**18,795,442**	20,247,769
Amounts owed to related parties (note 26)	**555,607**	1,369,378	**555,607**	1,369,378
Corporation tax	**658,279**	-	**658,279**	-
Other taxation and social security	**1,668,012**	1,200,445	**1,430,557**	1,187,883
Other creditors	**712,737**	611,092	**527,502**	308,433
Accruals and deferred income	**18,107,191**	18,033,775	**17,956,706**	17,592,258
	54,525,385	56,374,884	**53,231,316**	54,765,489

Amounts due to group undertakings and related parties are unsecured, interest free and payable on demand.

19 Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Bank loans	**2,140,627**	6,098,682	**2,140,627**	6,098,682
Obligations under finance lease contracts	**669,073**	928,069	**669,073**	928,069
Accruals and deferred income	**1,455,942**	1,333,472	**694,433**	863,079
	4,265,642	8,360,223	**3,504,133**	7,889,830

Notes to the financial statements for the year ended 31 August 2018 (continued)

19 Creditors: amounts falling due after more than one year (continued)

Bank loans are repayable as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Within one year or on demand	**3,958,054**	3,854,847	**3,958,054**	3,854,847
Between one and two years	**1,794,672**	4,217,050	**1,794,672**	4,217,050
Between two and five years	**345,955**	1,881,632	**345,955**	1,881,632
	6,098,681	9,953,529	**6,098,681**	9,953,529

Security

The group's and the company's bank borrowings are secured by an all monies debenture with fixed and floating security over the property, assets, undertakings, rights and revenues of the company.

Finance leases are repayable as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Within one year or on demand	**258,996**	258,997	**258,996**	258,997
Between one and two years	**258,996**	258,997	**258,996**	258,997
Between two and five years	**410,077**	669,072	**410,077**	669,072
	928,069	1,187,066	**928,069**	1,187,066

20 Deferred income

	Group	Group	**Company**	Company
	2018	2017	**2018**	2017
	£	£	**£**	£
Deferred government grants				
At 1 September 2017	**863,080**	732,508	**863,080**	732,508
Capital grants received during the year	**-**	264,268	**-**	264,268
Released to the profit and loss	**(168,647)**	(133,696)	**(168,647)**	(133,696)
At 31 August 2018	**694,433**	863,080	**694,433**	863,080

Notes to the financial statements for the year ended 31 August 2018 (continued)

21 Provision for liabilities

Deferred taxation:

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Liability at the beginning of year	**123,600**	300,779	**123,600**	300,779
Charge to profit and loss account	**(17,428)**	(213,285)	**(17,428)**	(213,285)
Adjustment in respect of previous years	**(47,010)**	36,106	**(47,010)**	36,106
Charge to other comprehensive income	**2,524,227**	-	**2,524,227**	-
Liability at the end of year	**2,583,389**	123,600	**2,583,389**	123,600

The deferred tax is made up as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Accelerated capital allowances	**2,587,299**	127,509	**2,587,299**	127,509
Short term timing differences	**(3,910)**	(3,909)	**(3,910)**	(3,909)
Total deferred tax liability	**2,583,389**	123,600	**2,583,389**	123,600

Notes to the financial statements for the year ended 31 August 2018 (continued)

22 Financial instruments

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost				
Cash and cash equivalents	**19,331,254**	14,055,098	**19,035,568**	13,955,388
Trade debtors	**16,158,919**	20,050,339	**15,086,787**	19,142,808
Amounts owed by group undertakings	**3,658,916**	3,267,093	**7,774,287**	10,685,840
Amounts owed by related parties	**-**	16,183	**-**	16,183
Other debtors	**487,012**	464,785	**421,145**	321,394
	39,636,101	37,853,498	**42,317,787**	44,121,613

	Group 2018	Group 2017	Company 2018	Company 2017
Financial liabilities measured at amortised cost				
Bank loans	**6,098,681**	9,953,529	**6,098,681**	9,953,529
Trade creditors	**9,811,067**	10,798,582	**9,090,173**	9,945,924
Amounts owed to group undertakings	**18,795,442**	20,247,768	**18,795,442**	20,247,769
Amounts owed to related parties	**555,607**	1,369,378	**555,607**	1,369,378
Other creditors	**712,737**	611,092	**527,502**	308,433
Obligations under finance lease contracts	**928,069**	1,187,066	**928,069**	1,187,066
Accruals	**19,563,133**	19,367,247	**18,651,139**	18,455,337
	56,464,736	63,534,662	**54,646,613**	61,467,436

23 Operating lease commitments

The group and the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
No later than one year	**3,190,276**	2,088,922	**2,906,771**	2,005,910
Later than one year and no later than five years	**3,314,861**	4,134,016	**3,314,861**	4,134,016
Later than five years	**8,032**	92,367	**8,032**	92,367
	6,513,169	6,315,305	**6,229,664**	6,232,293

24 Called up share capital

	2018	2017
Group and company	**£**	£
Allotted and fully paid		
8,422 (2017: 8,422) ordinary shares of £1 each	**8,422**	8,422

Notes to the financial statements for the year ended 31 August 2018 (continued)

25 Notes to the consolidated cash flow statement

	2018	2017
	£	£
Profit for the financial year	**4,747,211**	4,099,391
Tax on profit	**1,457,579**	911,368
Interest payable and similar expenses	**330,209**	209,416
Depreciation and amortisation charges	**4,232,809**	4,009,340
Impairment of investment	**-**	11,245
Profit on disposal of property, plant and equipment	**(87,655)**	(528,782)
Capital grants release	**(168,647)**	(133,696)
Movement in stocks	**2,345,399**	(3,169,899)
Movement in trade and other receivables	**3,819,833**	(3,688,949)
Movement in trade and other payables	**111,081**	2,451,087
Net cash inflow from operating activities	16,787,819	4,170,521

26 Related party transactions

John McVeigh & Company - (John McVeigh is a director of Westland Horticulture Limited)

During the year John McVeigh & Company charged fees of £15,600 (2017: £15,600) for accounting and other professional services. At the balance sheet date the amount owed from John McVeigh & Company was a balance of £65,001 (2017: due from £65,001).

Other related party transactions:

S.E. Marshall and Co Limited

The directors R Lavery, E Conroy and J McVeigh are common to both Westland Holdings Limited, Westland Group Limited, Westland Horticulture Limited and S.E. Marshall and Co Limited. Westland Horticulture Limited had purchases of £158,996 (2017: £59,268) from and sales of £1,220,950 (2017: £913,413) and an intercompany loan with S.E Marshall and Co Limited. At the balance sheet date the amount due to S.E. Marshall and Co Limited was £555,607 (2017: £1,369,378).

27 Ultimate parent undertaking and controlling parties

The ultimate parent undertaking and controlling party of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Westland Holdings Limited, a company registered in Isle of Man. Copies of the financial statements of Westland Holdings Limited are available from the company secretary at the registered office, 34 North Quay, Douglas, IM1 4LB, Isle of Man.

The parent undertaking of the smallest group of which the company is a member and for which group financial statements are prepared is Westland Group Limited, a company incorporated in Isle of Man. Copies of these financial statements may be obtained from the company secretary at the registered office, 34 North Quay, Douglas, IM1 4LB, Isle of Man.

The ultimate controlling parties are the directors who own 100% of the called up share capital of the ultimate parent company.

Notes to the financial statements for the year ended 31 August 2018 (continued)

28 Minority interests

	£
At 1 September 2017	(19,537)
Minority interest share of loss in a subsidiary undertaking	(2,378)
At 31 August 2018	**(21,915)**

29 Pension obligations

The group operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £669,047 (2017: £497,919).

Contributions totaling £98,480 (2017: £99,668) were payable to the scheme at the end of the year and are included in creditors.