[redacted]

Annual Report and Financial Statements

Year Ended

[redacted]

Company Number [redacted]

[redacted]

Company Information

Directors	[redacted]
Company secretary	[redacted]
Registered number	[redacted]
Registered office	[redacted]
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT

[redacted]

Contents

Group Strategic Report
For the Year Ended 30 September 2018

Introduction

The directors present their Strategic Report, Directors' Report and financial statements for the for the year ended 30 September 2018.

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006. The Group's independent auditor is required by law to report on whether the information given in the strategic report is consistent with the financial statements. The Auditor's Report is set out on pages 7 to 9.

Business review

[redacted]

The results for the year are set out on page 10 of the financial statements.

The group has managed to achieve sales at the same level as the previous year, with only a small decrease of £0.2m from £37.5m to £37.3m.

Increased material and labour costs have been absorbed resulting in a gross profit margin of 37% (2017 – 39%) and the group continues to report operating profits of £1.8m (2017 - £2.2m).

Principal risks and uncertainties

The Group operates in a challenging and competitive sector, particularly around service, quality and availability. Failure to pay attention to these factors would result in potentially reduced sales. To mitigate this risk, there is clear focus and a group wide enhanced attitude to meeting customers' expectations.

The Group's margins are subject to exchange rate volatility. The Group manages its foreign currency risk management through a combination of forward and spot contracts, as appropriate.

The Group has put plans in place to protect its supply chain and employees in the event of disruption caused by Brexit. These plans are continually monitored as the political uncertainty continues.

Financial key performance indicators

The Group monitors all aspects of its business through KPIs – both financial and non-financial.

Financial KPIs measure turnover, profitability and working capital. Non-financial KPIs measure qualitative aspects, including customer satisfaction and quality.

Future developments

The directors remain confident about the improvement and development of the group and continue to make significant investment in new product development brands, infrastructure and systems to meet the new challenges ahead.

This report was approved by the board on 27 June 2019 and signed on its behalf.

[redacted]

Director

[redacted]

Directors' Report
For the Year Ended 30 September 2018

The directors present their report and the financial statements for the year ended 30 September 2018.

Principal activity

[redacted]

Results and dividends

The profit for the year, after taxation, amounted to £1,617,566 (2017 - £1,821,911).

The Company paid a dividend in the year of £12,000,000 (2017 - £Nil) The directors do not recommend the payment of a final dividend (2017 - £Nil).

Directors

The directors who served during the year were:

[redacted]

Employee involvement

The Group recognises its obligation towards disabled persons and endeavours to provide as much employment as the demands of the group's operations and the ability of the persons allow.

The Group is committed to an "open door" policy in the matter of informing and communicating with its employees.

A system of Works Committees is maintained to facilitate the communication with employees and the Group regularly consults with their representatives.

Research and development

All the businesses in the Group are committed to research and development, dedicated both to improving the quality of existing products and processes and the design of new ones.

Financial instruments

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval.

A monthly review of the trade receivables' ageing analysis is undertaken and customers' credit is reassessed periodically.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Management receives cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Market risk

Market risk arises from the Group's use of foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk).

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group manages its foreign currency risk management through a combination of forward and spot contracts, as appropriate.

Matters covered in the Strategic Report

The business review, principal risks and uncertainties and key performance indicators are set out in the Strategic Report on pages 1 - 2.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post year end events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 June 2019 and signed on its behalf.

[redacted]

[redacted]
Director

Directors' Responsibilities Statement
For the Year Ended 30 September 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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.

Independent Auditor's Report to the Members of [redacted]

Opinion

We have audited the financial statements of [redacted] ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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's affairs as at 30 September 2018 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report 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 Strategic Report and Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Steven Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

[redacted]

Consolidated Statement of Comprehensive Income
For the Year Ended 30 September 2018

	Note	2018 £	2017 £
Turnover	4	**37,324,573**	37,539,410
Cost of sales		**(23,594,489)**	(22,763,056)
Gross profit		**13,730,084**	14,776,354
Distribution costs		**(2,143,707)**	(1,925,894)
Administrative expenses		**(9,866,530)**	(10,680,168)
Other operating (charges)/income		**30,303**	51,908
Operating profit	5	**1,750,150**	2,222,200
Interest receivable and similar income		**21,884**	20,753
Interest payable and expenses		**(13,684)**	(10,454)
Profit before taxation		**1,758,350**	2,232,499
Tax on profit	9	**(140,784)**	(410,588)
Profit for the financial year		**1,617,566**	1,821,911
Net exchange differences on the retranslation of foreign operations		**(87,558)**	(557,556)
Actuarial gains on defined benefit pension scheme		**70,000**	176,000
Increase in pension surplus not recognised		**(70,000)**	(176,000)
Other comprehensive income for the year		**(87,558)**	(557,556)
Total comprehensive income for the year		**1,530,008**	1,264,355

The profit and total comprehensive income for the year is attributable to the owners of the parent company.

The notes on pages 16 to 36 form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 September 2018

	Note		2018 £		2017 £
Fixed assets					
Tangible assets	11		**5,211,896**		5,272,370
			5,211,896		5,272,370
Current assets					
Stocks	13	**7,304,637**		7,768,303	
Debtors: amounts falling due within one year	14	**9,231,653**		8,996,503	
Cash at bank and in hand		**4,066,079**		14,240,590	
		20,602,369		31,005,396	
Creditors: amounts falling due within one year	15	**(6,158,370)**		(6,172,645)	
Net current assets			**14,443,999**		24,832,751
Total assets less current liabilities			**19,655,895**		30,105,121
Deferred taxation	17		**(137,023)**		(116,257)
Net assets			**19,518,872**		29,988,864
Capital and reserves					
Called up share capital	18		**30,000**		30,000
Profit and loss account	19		**19,488,872**		29,958,864
Equity attributable to the owners of the parent company			**19,518,872**		29,988,864

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

[redacted]

27 June 2019

[redacted]
Director

The notes on pages 16 to 36 form part of these financial statements.

[redacted]
Registered number: [redacted]

Company Statement of Financial Position
As at 30 September 2018

	Note		2018 £		2017 £
Fixed assets					
Tangible assets	11		**4,318,144**		4,343,399
Investments	12		**24,487**		24,487
			4,342,631		4,367,886
Current assets					
Stocks	13	**6,094,300**		6,590,894	
Debtors: amounts falling due within one year	14	**12,082,175**		11,829,510	
Cash at bank and in hand		**3,655,040**		13,756,540	
		21,831,515		32,176,944	
Creditors: amounts falling due within one year	15	**(4,865,726)**		(4,980,130)	
Net current assets			**16,965,789**		27,196,814
Total assets less current liabilities			**21,308,420**		31,564,700
Provisions for liabilities					
Deferred taxation	17		**(137,023)**		(116,257)
Net assets			**21,171,397**		31,448,443
Capital and reserves					
Called up share capital	18		**30,000**		30,000
Profit and loss account brought forward		**31,418,443**		29,543,245	
Profit for the year		**1,722,954**		1,875,198	
Dividends		**(12,000,000)**		-	
Profit and loss account carried forward			**21,141,397**		31,418,443
			21,171,397		31,448,443

[redacted] were approved and authorised for issue by the board and were signed on its behalf on
27 June 2019

[redacted]
Director

The notes on pages 16 to 36 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2017	**30,000**	**29,958,864**	**29,988,864**
Comprehensive income for the year			
Profit for the year	**-**	**1,617,566**	**1,617,566**
Net exchange differences on the retranslation of foreign operations	**-**	**(87,558)**	**(87,558)**
Actuarial gains on defined benefit pension scheme	**-**	**70,000**	**70,000**
Pension surplus not recognised	**-**	**(70,000)**	**(70,000)**
Total comprehensive income for the year	**-**	**1,530,008**	**1,530,008**
Dividends	**-**	**(12,000,000)**	**(12,000,000)**
Total transactions with owners	**-**	**(12,000,000)**	**(12,000,000)**
At 30 September 2018	**30,000**	**19,488,872**	**19,518,872**

Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2016	**30,000**	**28,694,509**	**28,724,509**
Comprehensive income for the year			
Profit for the year	**-**	**1,821,911**	**1,821,911**
Net exchange differences on the retranslation of foreign operations	**-**	**(557,556)**	**(557,556)**
Actuarial gains on defined benefit pension scheme	**-**	**176,000**	**176,000**
Pension surplus not recognised	**-**	**(176,000)**	**(176,000)**
Total comprehensive income for the year	**-**	**1,264,355**	**1,264,355**
At 30 September 2017	**30,000**	**29,958,864**	**29,988,864**

The notes on pages 16 to 36 form part of these financial statements.

Company Statement of Changes in Equity
For the Year Ended 30 September 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2017	**30,000**	**31,418,443**	**31,448,443**
Comprehensive income for the year			
Profit for the year	**-**	**1,722,954**	**1,722,954**
Actuarial gains on defined benefit pension scheme	**-**	**70,000**	**70,000**
Pension surplus not recognised	**-**	**(70,000)**	**(70,000)**
Total comprehensive income for the year	**-**	**1,722,954**	**1,722,954**
Dividends	**-**	**(12,000,000)**	**(12,000,000)**
At 30 September 2018	**30,000**	**21,141,397**	**21,171,397**

Company Statement of Changes in Equity
For the Year Ended 30 September 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2016	**30,000**	**29,543,245**	**29,573,245**
Comprehensive income for the year			
Profit for the year	**-**	**1,875,198**	**1,875,198**
Actuarial gains on defined benefit pension scheme	**-**	**176,000**	**176,000**
Pension surplus not recognised	**-**	**(176,000)**	**(176,000)**
Total comprehensive income for the year	**-**	**1,875,198**	**1,875,198**
At 30 September 2017	**30,000**	**31,418,443**	**31,448,443**

The notes on pages 16 to 36 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 September 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	**1,617,566**	1,821,911
Adjustments for:		
Depreciation of tangible assets	**603,530**	609,282
Loss on disposal of tangible assets	**(1,354)**	6,499
Interest paid	**13,684**	10,454
Interest received	**(21,884)**	(20,753)
Taxation charge	**140,784**	410,588
Decrease/(increase) in stocks	**463,666**	(1,907,054)
Increase in debtors	**(198,038)**	(484,029)
Increase in creditors	**136,113**	2,643,943
Corporation tax paid	**(307,518)**	(417,086)
Foreign exchange	**(88,928)**	(559,851)
Net cash generated from operating activities	**2,357,621**	2,113,904
Cash flows from investing activities		
Purchase of tangible fixed assets	**(544,072)**	(524,149)
Sale of tangible fixed assets	**3,740**	3,036
Interest received	**21,884**	20,753
Dividends paid	**(12,000,000)**	-
Net cash used in investing activities	**(12,518,448)**	(500,360)
Cash flows from financing activities		
Interest paid	**(13,684)**	(10,454)
Net cash used in financing activities	**(13,684)**	(10,454)
Net (decrease)/increase in cash and cash equivalents	**(10,174,511)**	1,603,090
Cash and cash equivalents at beginning of year	**14,240,590**	12,637,500
Cash and cash equivalents at the end of year	**4,066,079**	14,240,590
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**4,066,079**	14,240,590

The notes on pages 16 to 36 form part of these financial statements.

1. General information

[redacted] is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page. The nature of the Group and Company's operations and principal activities are outlined in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

Parent company exemptions

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

- No cash flow statement has been presented for the parent company; and
- Exemption from the requirements of FRS 102 Section 11 paragraphs 11.39 to 11.48A relating to certain financial instrument disclosures has been taken as equivalent disclosures are included within the consolidated financial statements; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have prepared the financial statements on a going concern basis on the basis that the Group continues to be profitable and has considerable financial resources available to it such that the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.4 Turnover

Turnover represents amounts receivable for goods and services provided in the UK and overseas net of VAT, returns, rebates and discounts and after eliminating sales within the group. The Group recognises revenue at the point at which goods are dispatched, as the risk has been transferred at that point and it is probable that future economic benefit will flow to the entity.

2.5 Research and development expenditure

Expenditure on research and development is written off to the Statement of Comprehensive Income in the year in which it is incurred.

2.6 Operating leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2. Accounting policies (continued)

2.8 Pensions

The Group operates a defined contribution plan for its 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 in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

2.9 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold and long leasehold buildings	- 2.5% per annum
Plant, fixtures and motor vehicles	- 20-25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2. Accounting policies (continued)

2.14 Impairment of assets

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset‘s depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro-rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of retum expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current year.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Provision is made for obsolete, slow-moving or defective items as appropriate.

2. Accounting policies (continued)

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors have made the following key judgements and estimations in applying the following accounting policies:

Pension assumptions

Key estimates have been made in relation to rates applied to pension assets and liabilities to calculate the ultimate pension asset/liability presented in the financial statements. The key estimates are in relation to inflation, mortality and discount rates applied. A qualified, independent actuary has been employed to assess these rates, however actual returns may vary from the estimated returns, which may cause the final pension asset/liability to differ from what is presented in these financial statements.

Stock provision

The carrying value of the Group’s inventory is reviewed using commercial judgement with regards to the assessment of the appropriate level of provisioning against inventory obsolescence.

Impairment of trade debtors

Expected future cash flows are applied in measuring impairment of customer receivables, while also considering historical collection rates.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the group.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	**32,605,991**	31,990,073
Europe (including Channel Islands)	**3,696,705**	4,281,311
Others	**1,021,877**	1,268,026
	37,324,573	37,539,410

5. Operating profit

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

	2018 £	2017 £
Depreciation and other amounts written off owned tangible fixed assets	**603,530**	609,282
(Profit)/loss on disposal of fixed assets	**(1,354)**	6,499
Hire of other assets	**29,396**	29,396
Net loss/(profit) on foreign currency translation	**(30,955)**	(21,338)

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**22,500**	22,500

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	**15,000**	15,000

Amounts payable to the company’s auditor and its associates in respect of the audit of financial statements of associated pension schemes and charitable trust is £4,000 (2017 - £3,850).

7. Employees

Staff costs were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	**7,535,171**	7,600,040	**6,620,281**	6,759,090
Social security costs	**663,028**	631,423	**467,630**	452,214
Cost of defined contribution scheme	**166,361**	178,855	**165,792**	178,057
	8,364,560	8,410,318	**7,253,703**	7,389,361

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Production staff	**219**	224	209	214
Distribution staff	**38**	35	38	35
Administrative staff	**58**	56	43	42
	315	315	290	291

8. Directors' remuneration

Key management personnel consists of the directors who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group is:

	2018 £	2017 £
Directors' emoluments	**99,315**	177,891
Contributions to defined contribution pension schemes	**24,000**	23,506
	123,315	201,397

During the year retirement benefits were accruing to no directors (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £82,506 (2017 - £89,015).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2017 - £Nil).

None of the directors accrued benefits under the Group's defined benefit pension scheme during the year (2017 - None).

9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	**278,693**	451,599
Adjustments in respect of previous periods	**(158,675)**	(43,797)
Total current tax	**120,018**	407,802
Deferred tax		
Origination and reversal of timing differences	**20,766**	19,807
Effect of tax rate change on opening balance	**-**	(17,021)
Taxation on profit	**140,784**	410,588

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.5%). The differences are explained below:

	2018 £	2017 £
Profit before tax	**1,758,350**	2,232,499
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%)	**334,087**	435,337
Effects of:		
Capital allowances for year in excess of depreciation	**63,316**	75,980
Adjust closing deferred tax to average rate	**57,984**	74,349
Adjust opening deferred tax to average rate	**(60,091)**	(41,137)
Deferred tax not recognised	**(4,158)**	(68,778)
Additional deduction for R&D	**(73,274)**	(9,750)
Non-taxable income	**-**	(17,549)
Adjustment in respect of prior periods	**(158,675)**	(43,797)
Adjustment in respect of prior periods - deferred tax	**7,006**	-
Group relief	**(1,477)**	5,933
Patent box additional deduction	**(23,934)**	-
Total tax charge for the year	**140,784**	410,588

Factors that may affect future tax charges

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015-16 on 26 October 2015, reducing the effective tax rate from 20% to 19% from April 2017, with a further reduction to 17% from April 2020. Deferred taxes at the reporting date have been measured using these enacted tax rates and reflected in these financial statements.

The group has an unrecognised deferred tax asset of £629,897 (2017 - £613,248), company £309,795 (2017 - £309,795) to be offset against future profits.

10. Dividends

	2018 £	2017 £
Dividends paid on Ordinary shares at £400 per share (2017 - £Nil)	**12,000,000**	-

11. Tangible fixed assets

Group

	Land and buildings £	Plant, fixtures and motor vehicles £	Total £
Cost			
At 1 October 2017	**5,058,006**	**13,734,458**	**18,792,464**
Additions	**-**	**544,072**	**544,072**
Disposals	**-**	**(14,976)**	**(14,976)**
Exchange adjustments	**-**	**11,028**	**11,028**
At 30 September 2018	**5,058,006**	**14,274,582**	**19,332,588**
Depreciation			
At 1 October 2017	**1,767,530**	**11,752,564**	**13,520,094**
Charge for the year	**77,369**	**526,161**	**603,530**
Disposals	**-**	**(12,590)**	**(12,590)**
Exchange adjustments	**-**	**9,658**	**9,658**
At 30 September 2018	**1,844,899**	**12,275,793**	**14,120,692**
Net book value			
At 30 September 2018	**3,213,107**	**1,998,789**	**5,211,896**
At 30 September 2017	3,290,476	1,981,894	5,272,370

11. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold	**2,894,335**	2,954,341
Long leasehold	**318,772**	336,135
	3,213,107	3,290,476

Company

	Land and buildings £	Plant, fixtures and motor vehicles £	Total £
Cost			
At 1 October 2017	**3,970,454**	**12,931,029**	**16,901,483**
Additions	**-**	**538,113**	**538,113**
Disposals	**-**	**(14,976)**	**(14,976)**
At 30 September 2018	**3,970,454**	**13,454,166**	**17,424,620**
Depreciation			
At 1 October 2017	**1,511,758**	**11,046,326**	**12,558,084**
Charge for the year	**61,420**	**499,562**	**560,982**
Disposals	**-**	**(12,590)**	**(12,590)**
At 30 September 2018	**1,573,178**	**11,533,298**	**13,106,476**
Net book value			
At 30 September 2018	**2,397,276**	**1,920,868**	**4,318,144**
At 30 September 2017	2,458,696	1,884,703	4,343,399

11. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold	**2,078,504**	2,122,561
Long leasehold	**318,772**	336,135
	2,397,276	2,458,696

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost and net book value	
At 1 October 2017	**24,487**
At 30 September 2018	**24,487**

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
[redacted]	Property Holdco	Ordinary	100%
	Trading company	Ordinary	100%

The registered office for [redacted]

The registered office for [redacted]

12. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
[redacted]	Trading company	Ordinary	100%
	Trading company	Ordinary	100%
	Trading company	Ordinary	100%

The registered office of [redacted] GmbH and [redacted] GmbH is [redacted].

The registered office of [redacted].

13. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials and consumables	**2,421,598**	2,125,775	**1,946,038**	1,670,847
Work in progress	**785,879**	735,689	**575,114**	612,302
Finished goods and goods for resale	**4,097,160**	4,906,839	**3,573,148**	4,307,745
	7,304,637	7,768,303	**6,094,300**	6,590,894

Stock recognised in cost of sales during the period as an expense was £21,897,223 (2017 - £21,688,309).

An impairment charge of £357,287 (2017 - £3,496 credit) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

14. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	**7,821,111**	7,969,204	**7,016,979**	7,141,734
Amounts owed by group undertakings	**-**	-	**3,782,823**	3,734,861
Other debtors	**1,008,109**	660,098	**892,304**	614,492
Prepayments and accrued income	**358,571**	360,451	**346,207**	338,423
Corporation tax repayable	**43,862**	6,750	**43,862**	-
	9,231,653	8,996,503	**12,082,175**	11,829,510

All amounts shown under debtors fall due for payment within one year.

Amounts owed by group undertakings are interest free and due on demand.

15. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	**3,421,601**	3,409,060	**2,665,226**	2,657,404
Corporation tax	**-**	150,388	**-**	150,388
Other taxation and social security	**657,431**	756,554	**650,818**	750,863
Other creditors	**245,032**	182,055	**77,774**	100,000
Accruals and deferred income	**1,834,306**	1,674,588	**1,471,908**	1,321,475
	6,158,370	6,172,645	**4,865,726**	4,980,130

16. Financial instruments

	Group 2018 £	Group 2017 £
Financial assets		
Financial assets measured at amortised cost	**12,895,299**	22,869,892
Financial liabilities		
Financial liabilities measured at amortised cost	**(5,500,939)**	(5,265,703)

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by group undertakings and cash.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

17. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	**(116,257)**	(113,471)
Credited to profit or loss	**(20,766)**	(2,786)
At end of year	**(137,023)**	(116,257)

Company

	2018 £	2017 £
At beginning of year	**(116,257)**	(113,471)
Credited to profit or loss	**(20,766)**	(2,786)
At end of year	**(137,023)**	(116,257)

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	**(140,102)**	(123,635)	**(140,102)**	(123,635)
Other timing differences	**3,079**	7,378	**3,079**	7,378
	(137,023)	(116,257)	**(137,023)**	(116,257)

18. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
30,000 (2017 - 30,000) Ordinary shares of £1.00 each	**30,000**	30,000

19. Reserves

The company's reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of shares issued.

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of any dividends and other adjustments.

20. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £166,361 (2017 - £178,855). Contributions totalling £18,115 (2017 - £Nil) were payable to the fund at the reporting date and are included in creditors.

The Company also operates a small self-administered pension scheme. The charge for the year amounted to £Nil (2017 - £Nil).

The Company operates a Defined Benefit Pension Scheme. The latest actuarial valuation was carried out at 30 April 2018 and was updated for the 30 September 2018 year end by a qualified independent actuary.

This scheme provides benefits to its members based on final pensionable pay and to spouses/dependents in the event of a member's death before or after retirement.

	2018 £	2017 £
Present value of funded defined benefit obligations	**(5,225,000)**	(5,298,000)
Fair value of plan assets	**5,484,000**	5,482,000
Net surplus	**259,000**	184,000

Movements in present value of defined benefit obligation

	2018 £	2017 £
Opening balance	**5,298,000**	5,503,000
Interest cost	**139,000**	134,000
Actuarial losses/(gains)	**115,000**	(53,000)
Benefits paid	**(327,000)**	(286,000)
Closing balance	**5,225,000**	5,298,000

. **Pension commitements (continued)**

Movements in fair value of plan assets

	2018 £	2017 £
Opening balance	**5,482,000**	5,511,000
Expected return on plan assets	**185,000**	123,000
Interest income	**144,000**	134,000
Benefits paid	**(327,000)**	(286,000)
	5,484,000	5,482,000

Expense recognised in the profit and loss account

	2018 £	2017 £
Interest on defined benefit pension plan obligation	**146,000**	134,000
Expected return on defined benefit pension plan assets	**(154,000)**	(123,000)
Movement in unrecognised surplus	**8,000**	(11,000)
Total	**-**	-

The total amount recognised in the profit and loss account is £Nil (2017 - £Nil).

The total amount recognised in the Consolidated Statement of Comprehensive Income in respect of actuarial gains and losses is £Nil (2017 - £Nil).

The net pension scheme asset of £259,000 (2017 - £184,000) has not been recognised in the Consolidated or Company Statement of Financial Position on the basis that it is not expected to be recovered by the Company.

. **Pension commitments (continued)**

Fair value of plan assets

	2018 £	2017 £
Return seeking	**2,342,000**	2,009,000
Corporates	**946,000**	1,019,000
Cash	**11,000**	61,000
Gilts	**132,000**	365,000
Annuities	**2,053,000**	2,027,000
	5,484,000	5,481,000

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2018 %	2017 %
Discount rate	**2.8**	2.7
Rate of increase in pensions in payment	**3.4**	3.35
Rate of increase in deferred pensions	**2.4**	2.35
Inflation assumption - RPI	**3.4**	3.35
Inflation assumption - CPI	**2.4**	2.35

The demographic assumptions as at the balance sheet date are the SAPS S2PXA tables (2017 - PXA08 tables).

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2018 £	2017 £	2016 £	2015 £	2014 £
Present value of scheme liabilities	**(5,225,000)**	(5,298,000)	(5,503,000)	(5,249,000)	(4,962,000)
Fair value of scheme assets	**5,484,000**	5,482,000	5,511,000	5,267,000	5,126,000
Surplus	**259,000**	184,000	8,000	18,000	164,000

21. Commitments under operating leases

At 30 September 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2018 £	Land and buildings 2017 £	Other 2018 £	Other 2017 £
Not later than 1 year	**8,000**	8,000	**21,396**	21,396
Later than 1 year and not later than 5 years	**-**	-	**48,428**	69,825
	8,000	8,000	**69,824**	91,221

22. Related party transactions

The Group has taken advantage of the exemption available under section 33.1A of FRS 102 not to disclose transactions with other group companies which meet the creiteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent are are included in the consolidated financial statements.

Fees for consultancy services provided of £900,000 (2017 - £1,191,667) were incurred in the year to [redacted] a related party to the Group through common control.

23. Controlling party

[redacted]