

Company Registration No. 00191194 (England and Wales)

KEPSTON LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018



KEPSTON LIMITED

COMPANY INFORMATION

Directors Mr B D Millage
Mrs A S Taylor

Secretary Mrs A S Taylor

Company number 00191194

Registered office Unit 1
Coppice Lane
Aldridge
Walsall
West Midlands
WS9 9AA

Auditor Edwards
34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ

KEPSTON LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 19

KEPSTON LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The directors present the strategic report for the year ended 30 June 2018.

Fair review of the business

The principal and continuing activities of the company are jig and general grinding, furnace brazing and heat treatment.

The company was pleased to report another profitable year, although there was a 2.7% increase in the gross profit margin due to the upturn in the aerospace industry. Substantial investments in both capital and personnel were made during the year which have boosted current and future performance. Operating profit was £643,295 compared with £220,687 in 2017 and this was mainly attributable to the increase in the gross profit margin.

At 30 June 2018 the company had shareholders' funds of £4,565,276, distributable reserves of £4,484,277 and current assets in excess of its current liabilities by £1,888,867. The directors therefore believe the company's position at the year end to be satisfactory.

Principal risks and uncertainties

The directors have assessed the main risk facing the company to be continued competitive pressure on volumes and margins. The directors remain committed to mitigating this risk and developing business further through continued investment in people, the efficiency of company operations and by consistently developing innovative customer focused solutions. The policy of the company will continue to be that of providing the very highest standards and best possible service to its customers to develop business in line with that required to support the range of products it provides.

Key performance indicators

Key performance indicators are used to measure and evaluate company performance against targets and monitor various activities throughout the company. The main key performance indicators employed in the company are:

- Turnover levels (by product and market)
- Profit/(loss) levels (contribution, gross margin and net margin)
- Debtor days

The board monitor these on a monthly basis against budgets.

On behalf of the board



Mr B-D Millage

Director

27 February 2019

KEPSTON LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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

Directors

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

Mr B D Millage
Mrs A S Taylor

Results and dividends

The results for the year are set out on page 6.

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

Auditor

The auditor, Edwards, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr B D Millage

Director

27 February 2019

KEPSTON LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

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

KEPSTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEPSTON LIMITED

Opinion

We have audited the financial statements of Kepston Limited (the 'company') for the year ended 30 June 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

KEPSTON LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF KEPSTON LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



David Webb FCA (Senior Statutory Auditor)
for and on behalf of Edwards

27 February 2019

Chartered Accountants
Statutory Auditor

34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ

KEPSTON LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 £	2017 £
Turnover	2	5,067,355	4,266,925
Cost of sales		(2,737,445)	(2,418,901)
Gross profit		2,329,910	1,848,024
Distribution costs		(202,269)	(219,776)
Administrative expenses		(1,484,346)	(1,407,561)
Operating profit	3	643,295	220,687
Interest receivable and similar income	6	1,995	1,715
Interest payable and similar expenses	7	(19,696)	(13,934)
Profit before taxation		625,594	208,468
Tax on profit	8	(117,654)	(43,635)
Profit for the financial year		507,940	164,833

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

KEPSTON LIMITED

BALANCE SHEET

AS AT 30 JUNE 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10		3,231,635		3,017,889
Current assets					
Debtors	11	1,526,133		1,314,646	
Cash at bank and in hand		1,339,111		1,129,140	
		<u>2,865,244</u>		<u>2,443,786</u>	
Creditors: amounts falling due within one year	12	<u>(976,377)</u>		<u>(813,275)</u>	
Net current assets			1,888,867		1,630,511
Total assets less current liabilities			<u>5,120,502</u>		<u>4,648,400</u>
Creditors: amounts falling due after more than one year	13		(197,726)		(256,564)
Provisions for liabilities	15		(357,500)		(334,500)
Net assets			<u>4,565,276</u>		<u>4,057,336</u>
Capital and reserves					
Called up share capital	18		39,784		39,784
Capital redemption reserve			41,215		41,215
Profit and loss reserves			4,484,277		3,976,337
Total equity			<u>4,565,276</u>		<u>4,057,336</u>

The financial statements were approved by the board of directors and authorised for issue on 27 February 2019 and are signed on its behalf by:


Mr B D Millage
Director

Company Registration No. 00191194

KEPSTON LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2016		39,784	41,215	3,811,504	3,892,503
Year ended 30 June 2017:					
Profit for the year		-	-	164,833	164,833
Balance at 30 June 2017		39,784	41,215	3,976,337	4,057,336
Year ended 30 June 2018:					
Profit for the year		-	-	507,940	507,940
Balance at 30 June 2018		39,784	41,215	4,484,277	4,565,276

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

Company information

Kepston Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1, Coppice Lane, Aldridge, Walsall, West Midlands, WS9 9AA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Kepston Holdings Limited. These consolidated financial statements are available from its registered office, Unit 1, Coppice Lane, Aldridge, Walsall, West Midlands, WS9 9AA.

1.2 Going concern

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

1.3 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

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

Land and buildings freehold	2% straight line
Plant and machinery	10% - 25% reducing balance
Fixtures, fittings and equipment	10% - 25% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Cash and cash equivalents

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

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.7 Taxation

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

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

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

1.10 Leases

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

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

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

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Relevant transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Sales	5,067,355	4,266,925
	<u> </u>	<u> </u>
	2018 £	2017 £
Other significant revenue		
Interest income	1,995	1,715
	<u> </u>	<u> </u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	5,020,936	4,235,051
Europe	46,419	31,874
	<u> </u>	<u> </u>
	5,067,355	4,266,925
	<u> </u>	<u> </u>

3 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	13,100	13,600
Depreciation of owned tangible fixed assets	209,731	228,899
Depreciation of tangible fixed assets held under finance leases	74,650	85,598
Profit on disposal of tangible fixed assets	(3,245)	-
Operating lease charges	94,499	93,441
	<u> </u>	<u> </u>

4 Employees

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

	2018 Number	2017 Number
Production	45	47
Administration	21	21
	<u> </u>	<u> </u>
	66	68
	<u> </u>	<u> </u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

4 Employees

(Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,027,205	1,839,786
Social security costs	184,517	170,504
Pension costs	50,710	120,804
	<u>2,262,432</u>	<u>2,131,094</u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	103,062	100,417
Company pension contributions to defined contribution schemes	3,500	3,500
	<u>106,562</u>	<u>103,917</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

6 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	1,995	1,715
	<u>1,995</u>	<u>1,715</u>

7 Interest payable and similar expenses

	2018 £	2017 £
Interest on finance leases and hire purchase contracts	19,696	13,934
	<u>19,696</u>	<u>13,934</u>

8 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	94,614	63,122
Adjustments in respect of prior periods	40	13
Total current tax	<u>94,654</u>	<u>63,135</u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

Deferred tax		
Origination and reversal of timing differences	23,000	(19,500)
	<u> </u>	<u> </u>
Total tax charge	<u>117,654</u>	<u>43,635</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>625,594</u>	<u>208,468</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	118,863	41,172
Tax effect of expenses that are not deductible in determining taxable profit	81	640
Group relief	(2,689)	-
Under/(over) provided in prior years	40	13
Deferred tax	23,000	(19,500)
Movement in provision	293	(150)
Depreciation in excess of capital allowances	-	21,460
Capital allowances in excess of depreciation	(21,934)	-
	<u> </u>	<u> </u>
Taxation charge for the year	<u>117,654</u>	<u>43,635</u>

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2017 and 30 June 2018	<u>211,766</u>
Amortisation and impairment	
At 1 July 2017 and 30 June 2018	<u>211,766</u>
Carrying amount	
At 30 June 2018	<u>-</u>
At 30 June 2017	<u>-</u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

10 Tangible fixed assets

	Land and buildings freehold	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2017	492,034	4,749,447	470,440	124,957	5,836,878
Additions	-	436,460	-	133,200	569,660
Disposals	-	-	-	(124,957)	(124,957)
At 30 June 2018	492,034	5,185,907	470,440	133,200	6,281,581
Depreciation and impairment					
At 1 July 2017	83,892	2,307,085	392,082	35,930	2,818,989
Depreciation charged in the year	6,779	248,353	8,981	20,268	284,381
Eliminated in respect of disposals	-	-	-	(53,424)	(53,424)
At 30 June 2018	90,671	2,555,438	401,063	2,774	3,049,946
Carrying amount					
At 30 June 2018	401,363	2,630,469	69,377	130,426	3,231,635
At 30 June 2017	408,142	2,442,362	78,358	89,027	3,017,889

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

	2018 £	2017 £
Plant and machinery	610,928	503,309
Motor vehicles	130,426	89,026
	<u>741,354</u>	<u>592,335</u>
Depreciation charge for the year in respect of leased assets	<u>74,650</u>	<u>85,598</u>

11 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,039,377	869,223
Amounts owed by group undertakings	308,340	247,873
Other debtors	58,829	79,167
Prepayments and accrued income	119,587	118,383
	<u>1,526,133</u>	<u>1,314,646</u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

12 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	14	210,998	197,583
Trade creditors		506,082	405,481
Corporation tax		94,614	63,122
Other taxation and social security		89,681	73,154
Other creditors		8,617	7,076
Accruals and deferred income		66,385	66,859
		<u>976,377</u>	<u>813,275</u>

Net obligations under hire purchase contracts are secured on the assets to which they relate.

13 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	14	<u>197,726</u>	<u>256,564</u>

Net obligations under hire purchase contracts are secured on the assets to which they relate.

14 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	210,999	197,583
In two to five years	197,725	256,564
	<u>408,724</u>	<u>454,147</u>

15 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	16	<u>357,500</u>	<u>334,500</u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	<u>357,500</u>	<u>334,500</u>
Movements in the year:		2018 £
Liability at 1 July 2017		334,500
Charge to profit or loss		<u>23,000</u>
Liability at 30 June 2018		<u>357,500</u>

17 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>50,710</u>	<u>120,804</u>

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

The unpaid contributions outstanding at 30 June 2018, included in other creditors are £8,592 (2017 - £7,050).

18 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
39,784 Ordinary shares of £1 each	<u>39,784</u>	<u>39,784</u>

KEPSTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	119,233	97,988
Between two and five years	41,872	50,603
	<u>161,105</u>	<u>148,591</u>

20 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £	2017 £
Acquisition of tangible fixed assets	<u>560,000</u>	<u>-</u>

21 Related party transactions

The company has taken advantage of the exemption conferred within FRS102 section 33.1A not to disclose transactions between wholly owned members of the same group.

22 Controlling party

Mr B D Millage is considered to be the ultimate controlling party by virtue of his controlling interest in the issued share capital of Kepston Holdings Limited, the immediate and ultimate controlling party.