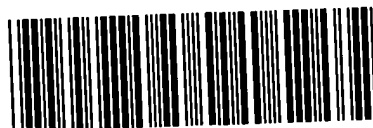


Company Registration No. 01105580 (England and Wales)

QUEST CONSUMABLES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

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QUEST CONSUMABLES LIMITED

COMPANY INFORMATION

Directors	M B Insley G Mangham G S G MacArthur
Secretary	G Mangham
Company number	01105580
Registered office	Westland Square Leeds LS11 5XS
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
Business address	Stock House Seymour Road Nuneaton Warwickshire CV11 4LB

QUEST CONSUMABLES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

On 23 November 2017, 100% of the share capital of Firstserve Holdings Limited, the company's previous ultimate parent company, was acquired by Rema Tip Top Holdings UK Limited.

Turnover and gross profit margin have decreased year on year whilst operating profit in 2016 has now become and operating loss in 2017. Performance was slightly down on budget.

Turnover

The turnover of the company has decreased during the year by approximately 1.3%. The company was able to secure price increases for a number of key customers, however this did not offset the reduction in turnover associated with falling order and sales volumes. Going forward, in 2018, price increases will be passed on to all customers and we will take further pro-active steps to secure new additional business with a view to returning positive sales growth overall.

Gross Profit

Overall gross profit has decreased to £4,096,847 from £4,354,659. The decrease in gross profit margin of 1.6% is as a result of cost increases from suppliers which the company were not able to pass on to customers in 2017.

Operating Profit

Operating profit has fallen from £450,900 to a loss of £480,404. This is largely due to the completion costs recognised as a result of the acquisition of Firstserve Holdings Limited group by Rema Tip Top Holdings UK Limited. Expenses recognised directly as a result of the acquisition amounted to £1,161,605 and are specific to the year ended 31 December 2017 and explain the majority of the movement. The relevant costs included insurance costs, dilapidations and repair costs, provisions relating to stock and debtors, costs associated with a new catalogue and bonuses payable to key members of staff. Other areas of expenses have seen costs fall, for example there has been no management charge from Firstserve Group Limited recognised this year, which was £225,000 in the prior year. Wages and salaries costs (excluding bonuses) have also fallen slightly in the year, in line with the fall in staff numbers from 92 to 89.

Financial Position

Net assets have fallen from £1,634,187 to £1,275,708 in the year as a result of the loss described above. The main movements in financial position are as follows:

Accruals - The company has recognised significant additional accruals relating to the costs incurred as part of the Rema Tip Top Holdings UK Limited acquisition highlighted above. These are clearly one off costs this year and relate to dilapidations and repair costs, provisions relating to stock and debtors, a new catalogue and other miscellaneous costs.

Bank balances/overdraft - The cash position of the company has worsened during 2017, reducing from a positive cash balance of £50,622 to an overdraft balance of £208,023. It is expected that post acquisition the cash position will move back in to credit in 2018 as working capital controls are improved.

Amounts due to/from group undertakings - Amounts due from group undertakings have reduced by £289,624 and amounts due to group undertakings have reduced by £185,991 as a result of no management charge being payable to Firstserve Group Limited for the year ended 31 December 2017 and the adoption of the Rema Tip Top group policy of settling all trading balances due to group companies on a monthly basis.

Other debtors - The balance has increased by £175,557 due to differences in respect of the timing of receipts relating to the invoice discounting facility.

QUEST CONSUMABLES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Description of the principal risks and uncertainties

As for many companies of our size, the business environment in which we operate continues to be challenging given the current global slowdown and BREXIT situation. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. However we will continue to show flexibility and respond to market conditions and opportunities as they arise.

Financial Risk Management and Policies

The main financial risks for the company relate to foreign exchange, credit (in relation to its trade receivables) and liquidity.

Foreign exchange risk

Currency risk management relating to transactional business, if significant, is dealt with by the use of currency derivatives, which are mainly foreign currency forward contracts. We will monitor the situation closely regarding BREXIT and any future effect this will have on our business.

Credit risk (trade receivables)

The company's credit risk is primarily attributable to its trade receivables. It is company policy that all customers are granted credit subject to credit verification procedures. A rigorous system of credit control is applied and receivables are continually monitored. The amounts presented in the balance sheet are net of allowances for doubtful debts.

Liquidity risk


In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term loan and short-term debt finance. At present the company has no long-term debt. The company has access to a £5million group overdraft as part of the Rema Tip Top Holdings UK Limited group and utilizes its own overdraft facility where necessary.

Future developments

In the coming 12 months the company aims to continue to grow sales by a combination of price and volume increases. This will be helped by the introduction of some new product ranges. We will continue to closely monitor labour and overhead costs to ensure increased operating profit, albeit that the economic recovery continues to be weak in the UK. We continue to review our succession planning and people development within the business. The outlook is improved from being part of the financially strong Rema Group of companies.

From 1 January 2018 the company will incur costs which were previously accounted for as part of Firstserve Group Limited. As such, no management charge will be payable by the company relating to those costs, as was historically the case.

By order of the board


.....
G Mangham
Secretary
Date: 26 March 2018

QUEST CONSUMABLES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of the supply and distribution of workshop consumables and tools to nationwide distributors.

Directors

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

M B Insley	(Appointed 23 November 2017)
G Mangham	(Appointed 23 November 2017)
G S G MacArthur	
I Russell	(Resigned 23 November 2017)
J Knight	(Resigned 23 November 2017)
G MacArthur	(Resigned 23 November 2017)
S Godrich	(Resigned 23 November 2017)

Results and dividends

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

No ordinary dividends were paid (2016 - £nil). The directors do not recommend payment of a final dividend.

No preference dividends were paid. No preference dividends were paid in the prior year.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.


Strategic report

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

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board


.....
G Mangham
Secretary

Date: 26 March 2018

QUEST CONSUMABLES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST CONSUMABLES LIMITED

Opinion

We have audited the financial statements of Quest Consumables Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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.

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

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 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, 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 set out on page 4, 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.

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.



Hugh Fairclough (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds

LS1 4DL

27 March 2018

QUEST CONSUMABLES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

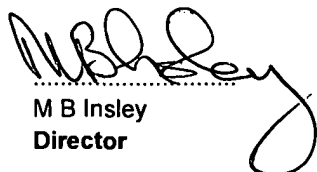
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	13,043,283	13,212,314
Cost of sales		(8,946,436)	(8,857,655)
Gross profit		4,096,847	4,354,659
Distribution costs		(1,757,816)	(1,716,478)
Administrative expenses		(2,819,435)	(2,187,281)
Operating (loss)/profit	6	(480,404)	450,900
Interest receivable and similar income	7	-	20
Interest payable and similar expenses	8	(5,869)	(6,482)
(Loss)/profit before taxation		(486,273)	444,438
Tax on loss/profit	9	127,794	(89,253)
(Loss)/profit for the financial year		(358,479)	355,185
Retained earnings brought forward		1,328,445	973,260
Retained earnings carried forward		969,966	1,328,445

QUEST CONSUMABLES LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		116,116		58,087
Current assets					
Stocks	11	1,560,159		1,472,488	
Debtors	12	2,088,371		2,142,796	
Cash at bank and in hand		510		50,622	
		<u>3,649,040</u>		<u>3,665,906</u>	
Creditors: amounts falling due within one year	13	<u>(2,489,448)</u>		<u>(2,089,151)</u>	
Net current assets			<u>1,159,592</u>		<u>1,576,755</u>
Total assets less current liabilities			<u>1,275,708</u>		<u>1,634,842</u>
Provisions for liabilities	15		-		(655)
Net assets			<u><u>1,275,708</u></u>		<u><u>1,634,187</u></u>
Capital and reserves					
Called up share capital	18		305,742		305,742
Profit and loss reserves	19		969,966		1,328,445
Total equity			<u><u>1,275,708</u></u>		<u><u>1,634,187</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 March 2018 and are signed on its behalf by:


M B Insley
Director

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Quest Consumables Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Westland Square, Leeds, LS11 5XS.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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.

Reduced disclosure framework

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 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 Rema Tip Top Holdings UK Limited. These consolidated financial statements are available from its registered office, Westland Square, Leeds, LS11 5XS.

Going concern

The financial statements have been prepared on a going concern basis. The directors of the company feel this is appropriate for the following reasons:

The directors have made reasonable enquiries, including a review of existing customer and supplier relationships and future financial forecasts to enable them to form a reasonable expectation that the company has adequate reserves to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided to external customers in the ordinary course of business. Turnover is shown net of Value Added Tax.

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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.

Tangible fixed assets

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

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

Plant and equipment	5 years on cost
Fixtures and fittings	5-10 years on cost
Motor vehicles	5 years on cost

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.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. These are recognised in profit or loss.

Recognised impairment losses are reversed if, the reason for impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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 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 trade and other debtors, loans due from fellow group companies 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank overdraft and amounts due to fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year or prior year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted by the reporting date. Deferred tax is not discounted.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Inventory provisioning

The company holds a high level of finished goods stock. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors.

When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience.

Accrued expenditure

The company has included estimations of potential expenses that are expected to be incurred in relation to the properties out of which it operates.

When assessing the potential costs associated with occupying these properties, management considers factors including the type of activities undertaken by the company, the length of time the company has occupied the properties and historical experience of similar works. These costs are included as part of accruals and deferred income shown in note 13.

3 Turnover and other revenue

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

	2017	2016
	£	£
Turnover analysed by class of business		
Supply and distribution of workshop consumables and tools	13,043,283	13,212,314

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue (Continued)

	2017 £	2016 £
Other revenue		
Interest income	-	20
	<u> </u>	<u> </u>
	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	12,812,302	12,979,141
Europe	230,981	233,173
	<u> </u>	<u> </u>
	13,043,283	13,212,314
	<u> </u>	<u> </u>

4 Employees

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

	2017 Number	2016 Number
Distribution	63	64
Administration	26	28
	<u> </u>	<u> </u>
	89	92
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,859,422	1,788,321
Social security costs	146,087	119,439
Pension costs	24,302	25,162
	<u> </u>	<u> </u>
	2,029,811	1,932,922
	<u> </u>	<u> </u>

5 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	279,445	92,305
Company pension contributions to defined contribution schemes	4,846	3,200
	<u> </u>	<u> </u>
	284,291	95,505
	<u> </u>	<u> </u>

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	116,826	-
Company pension contributions to defined contribution schemes	1,341	-

6 Operating (loss)/profit

	2017 £	2016 £
Operating (loss)/profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	7,250
Depreciation of owned tangible fixed assets	18,664	14,850
Cost of stocks recognised as an expense	8,946,436	8,857,655
Operating lease charges	182,777	183,184

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Other interest income	-	20

8 Interest payable and similar expenses

	2017 £	2016 £
Interest on invoice finance arrangements	5,869	6,482

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	-	78,058
Adjustments in respect of prior periods	(78,058)	-
Total current tax	(78,058)	78,058
Deferred tax		
Origination and reversal of timing differences	(49,667)	11,195
Changes in tax rates	(69)	-
Total deferred tax	(49,736)	11,195
Total tax (credit)/charge	(127,794)	89,253

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2017 £	2016 £
(Loss)/profit before taxation	(486,273)	444,438
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(93,608)	88,888
Tax effect of expenses that are not deductible in determining taxable profit	2,207	33
Tax effect of utilisation of tax losses not previously recognised	75,118	-
Adjustments in respect of prior years	(78,058)	-
Effect of change in corporation tax rate	6,512	-
Group relief	13	-
Permanent capital allowances in excess of depreciation	(1,569)	(10,863)
Deferred tax	-	11,195
Transfer pricing adjustments	(38,409)	-
Taxation (credit)/charge for the year	(127,794)	89,253

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2017	120,401	141,441	-	261,842
Additions	3,969	52,222	20,502	76,693
At 31 December 2017	124,370	193,663	20,502	338,535
Depreciation and impairment				
At 1 January 2017	102,275	101,480	-	203,755
Depreciation charged in the year	4,796	11,476	2,392	18,664
At 31 December 2017	107,071	112,956	2,392	222,419
Carrying amount				
At 31 December 2017	17,299	80,707	18,110	116,116
At 31 December 2016	18,126	39,961	-	58,087

11 Stocks

	2017 £	2016 £
Raw materials and consumables	384,944	476,773
Finished goods and goods for resale	1,175,215	995,715
	1,560,159	1,472,488

An impairment loss of £69,858 (2016 - £11,552) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,596,011	1,658,801
Corporation tax recoverable	78,058	-
Amounts owed by group undertakings	-	289,624
Other debtors	246,831	71,274
Prepayments and accrued income	118,390	123,097
	<u>2,039,290</u>	<u>2,142,796</u>
Deferred tax asset (note 16)	49,081	-
	<u>2,088,371</u>	<u>2,142,796</u>

13 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank overdraft	14	208,023	-
Trade creditors		1,180,821	1,339,917
Amounts due to group undertakings		135,000	320,991
Corporation tax		-	78,045
Other taxation and social security		85,477	85,885
Other creditors		16,165	16,189
Accruals and deferred income		863,962	248,124
		<u>2,489,448</u>	<u>2,089,151</u>

14 Borrowings

	2017 £	2016 £
Bank overdrafts	<u>208,023</u>	<u>-</u>
Payable within one year	<u>208,023</u>	<u>-</u>

The bank overdraft is secured by a fixed and floating charge over the company's assets.

15 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	16	<u>-</u>	<u>655</u>

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

16 Deferred taxation

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

	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Balances:				
Accelerated capital allowances	-	655	(1,269)	-
Disallowable provisions	-	-	50,350	-
	<u>-</u>	<u>655</u>	<u>49,081</u>	<u>-</u>
Movements in the year:				2017 £
Liability at 1 January 2017				655
Credit to profit or loss				(49,667)
Effect of change in tax rate - profit or loss				(69)
				<u>(49,081)</u>
Liability/(Asset) at 31 December 2017				<u>(49,081)</u>

17 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>24,302</u>	<u>25,162</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.

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
255,742 Ordinary of £1 each	255,742	255,742
	<u>255,742</u>	<u>255,742</u>
Preference share capital		
Issued and fully paid		
50,000 Preference of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

All ordinary and preference shares rank pari passu with respect to voting rights, the rights to distribution of dividends and the payment of capital.

19 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

20 Financial commitments, guarantees and contingent liabilities

The company has entered into group securities, including unlimited guarantees dated 24 December 2013 given by Firstserve Group Limited, Force Consumables Limited, Ace UK (Fastenings) Limited, Quest Consumables Limited, Quality Engineering Supplies & Tools Limited, Forem Universal Products Limited, Firstserve Holdings Limited, Firstserve Group Holdings Limited, FST Consumables Limited and Gemmoco Limited. There are no contingent liabilities in relation to this guarantee at 31 December 2017 (2016 - £nil).

The company is party to a group VAT registration including the parent company, First Serve Group Limited and fellow subsidiary company, FST Consumables Limited. At 31 December 2017 the contingent liability for VAT owed to HMRC was £157,403 (2016 - £164,932).

21 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:

	2017 £	2016 £
Within one year	205,430	194,500
Between one and five years	726,053	301,917
	<u>931,483</u>	<u>496,417</u>

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Related party transactions

Autolamps Limited was a related entity as R N Wilding is a director and shareholder of that company and had a significant interest in Quest Consumables Limited through his shareholding in the former controlling party of Firstserve Holdings Limited. On 23 November 2017 Firstserve Holdings Limited was acquired by Rema Tip Top Holdings UK Limited and at this date R N Wilding ceased to be a related party.

During the period from 1 January 2017 to 23 November 2017 Quest Consumables Limited made purchases of £251,825 (Year ended 31 December 2016 - £134,576) and sales of £19,587 (Year ended 31 December 2016 - £nil).

23 Controlling party

The company is a wholly owned subsidiary of Firstserve Group Limited. During the year the entire share capital of Firstserve Holdings Limited, the former ultimate parent entity and the parent company of Firstserve Group Holdings Limited, who in turn is the parent company of Firstserve Group Limited, was acquired by Rema Tip Top Holdings UK Limited.

The smallest group for which consolidated financial statements including Quest Consumables Limited are prepared is the group headed by Rema Tip Top Holdings UK Limited. The consolidated financial statements of Rema Tip Top Holdings UK Limited are available from its registered office: Westland Square, Leeds, LS11 5XS.