

Morris & Co. (Handlers) Limited

Strategic Report, Report of the Directors and

Financial Statements For The Year Ended 1 October 2019

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For The Year Ended 1 October 2019

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Morris & Co. (Handlers) Limited
Company Information
For The Year Ended 1 October 2019

DIRECTORS:

A E Morris
S A Morris
T E Morris
D S Morris

REGISTERED OFFICE:

Bankwood Lane
New Rossington
Doncaster
South Yorkshire
DN11 0PS

REGISTERED NUMBER:

01240380 (England and Wales)

AUDITORS:

Allotts Business Services Ltd, Statutory Auditor
Chartered Accountants
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

Strategic Report
For The Year Ended 1 October 2019

The directors present their strategic report for the year ended 1 October 2019.

REVIEW OF BUSINESS

The 2019 profit before tax decreased to £1,140,787 from £2,017,139 in the year to 1 October 2018

The capital and reserves at the end of the year amounted to £2,421,380 (2018 £2,401,553).

The directors consider the level of activity and year end position to be satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

Within the commercial activities the main risk facing the group are the fluctuations in scrap metal prices , credit and liquidity risk.

KEY PERFORMANCE INDICATORS

During the year the company employed 49 people (40 in 2018) producing a turnover of £28,392,074 (2018 £25,306,502). The turnover shows an increase of 12.2 % compared with the previous year. The increase in turnover was largely due to the increase in exports.

ON BEHALF OF THE BOARD:

T E Morris - Director

29 June 2020

Report of the Directors
For The Year Ended 1 October 2019

The directors present their report with the financial statements of the company for the year ended 1 October 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale of salvaged and reclaimed materials.

DIVIDENDS

The total distribution of interim dividends for the year ended 1 October 2019 was £875,000 (2018 £623,500)

The directors recommend that no final dividend be paid.

FUTURE DEVELOPMENTS

The directors constantly review opportunities to improve profitability and performance but have no future developments planned for the company at this time.

DIRECTORS

The directors shown below have held office during the whole of the period from 2 October 2018 to the date of this report.

A E Morris
S A Morris
T E Morris

Other changes in directors holding office are as follows:

D S Morris - appointed 14 June 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Directors
For The Year Ended 1 October 2019

AUDITORS

The auditors, Allotts Business Services Ltd, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

T E Morris - Director

29 June 2020

Report of the Independent Auditors to the Members of Morris & Co. (Handlers) Limited

Opinion

We have audited the financial statements of Morris & Co. (Handlers) Limited (the 'company') for the year ended 1 October 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 October 2019 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 Auditors' 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, 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.

Report of the Independent Auditors to the Members of
Morris & Co. (Handlers) Limited

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Steven Pepper FCA (Senior Statutory Auditor)
for and on behalf of Allotts Business Services Ltd, Statutory Auditor
Chartered Accountants
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

30 June 2020

Statement of Comprehensive Income
For The Year Ended 1 October 2019

	Notes	2019 £	2018 £
TURNOVER	3	28,392,074	25,306,502
Cost of sales		<u>25,548,754</u>	<u>21,911,881</u>
GROSS PROFIT		2,843,320	3,394,621
Administrative expenses		<u>1,498,103</u>	<u>1,238,943</u>
OPERATING PROFIT	5	1,345,217	2,155,678
Interest receivable and similar income		<u>4,142</u>	<u>729</u>
		1,349,359	2,156,407
Interest payable and similar expenses	6	<u>208,572</u>	<u>139,268</u>
PROFIT BEFORE TAXATION		1,140,787	2,017,139
Tax on profit	7	<u>245,960</u>	<u>398,363</u>
PROFIT FOR THE FINANCIAL YEAR		894,827	1,618,776
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>894,827</u>	<u>1,618,776</u>

Morris & Co. (Handlers) Limited (Registered number: 01240380)

Balance Sheet
1 October 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Tangible assets	9		9,060,265		5,353,846
CURRENT ASSETS					
Stocks	10	1,385,083		1,222,827	
Debtors	11	5,834,806		5,743,726	
Cash at bank and in hand		<u>461,246</u>		<u>1,268,490</u>	
		7,681,135		8,235,043	
CREDITORS					
Amounts falling due within one year	12	<u>10,257,409</u>		<u>9,605,600</u>	
NET CURRENT LIABILITIES			<u>(2,576,274)</u>		<u>(1,370,557)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,483,991		3,983,289
CREDITORS					
Amounts falling due after more than one year	13		(3,575,268)		(1,263,064)
PROVISIONS FOR LIABILITIES	18		<u>(487,343)</u>		<u>(318,672)</u>
NET ASSETS			<u>2,421,380</u>		<u>2,401,553</u>
CAPITAL AND RESERVES					
Called up share capital	19		250		250
Revaluation reserve	20		504,736		557,988
Capital redemption reserve	20		250		250
Retained earnings	20		<u>1,916,144</u>		<u>1,843,065</u>
SHAREHOLDERS' FUNDS			<u>2,421,380</u>		<u>2,401,553</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2020 and were signed on its behalf by:

T E Morris - Director

Statement of Changes in Equity
For The Year Ended 1 October 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 2 October 2017	250	807,989	597,788	250	1,406,277
Changes in equity					
Dividends	-	(623,500)	-	-	(623,500)
Total comprehensive income	-	1,658,576	(39,800)	-	1,618,776
Balance at 1 October 2018	250	1,843,065	557,988	250	2,401,553
Changes in equity					
Dividends	-	(875,000)	-	-	(875,000)
Total comprehensive income	-	948,079	(53,252)	-	894,827
Balance at 1 October 2019	250	1,916,144	504,736	250	2,421,380

Cash Flow Statement
For The Year Ended 1 October 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	3,212,089	2,580,785
Interest paid		(23,375)	(46,591)
Interest element of hire purchase payments paid		(185,197)	(92,677)
Tax paid		(394,446)	(61,162)
Net cash from operating activities		<u>2,609,071</u>	<u>2,380,355</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(343,222)	(304,827)
Sale of tangible fixed assets		207,926	49,750
Sale of fixed asset investments		-	100
Interest received		4,142	729
Net cash from investing activities		<u>(131,154)</u>	<u>(254,248)</u>
Cash flows from financing activities			
Loan repayments in year		(58,336)	(58,336)
Invoice financing		(781,192)	(67,762)
Subsidiary loan		-	(100)
Capital repayments in year		(1,513,188)	(907,666)
Amount introduced by directors		953,495	652,677
Amount withdrawn by directors		(1,010,940)	(577,542)
Equity dividends paid		(875,000)	(623,500)
Net cash from financing activities		<u>(3,285,161)</u>	<u>(1,582,229)</u>
(Decrease)/increase in cash and cash equivalents		<u>(807,244)</u>	<u>543,878</u>
Cash and cash equivalents at beginning of year	2	1,268,490	724,612
Cash and cash equivalents at end of year	2	<u>461,246</u>	<u>1,268,490</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
For The Year Ended 1 October 2019

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

	2019	2018
	£	£
Profit before taxation	1,140,787	2,017,139
Depreciation charges	831,336	649,517
Loss on disposal of fixed assets	49,592	55,895
Finance costs	208,572	139,268
Finance income	(4,142)	(729)
	<u>2,226,145</u>	<u>2,861,090</u>
Increase in stocks	(162,256)	(471,098)
Increase in trade and other debtors	(18,309)	(1,066,875)
Increase in trade and other creditors	<u>1,166,509</u>	<u>1,257,668</u>
Cash generated from operations	<u>3,212,089</u>	<u>2,580,785</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 1 October 2019

	1.10.19	2.10.18
	£	£
Cash and cash equivalents	<u>461,246</u>	<u>1,268,490</u>

Year ended 1 October 2018

	1.10.18	2.10.17
	£	£
Cash and cash equivalents	<u>1,268,490</u>	<u>724,612</u>

3. MAJOR NON-CASH TRANSACTIONS

During the year the company entered into hire purchase and finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £4,452,051 (2018 £1,078,775).

Notes to the Financial Statements
For The Year Ended 1 October 2019

1. STATUTORY INFORMATION

Morris & Co. (Handlers) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The directors are aware of the year end net current liabilities of the company and have taken steps to ensure the company has adequate financial resource to continue trading over the next twelve months. The directors have produced forecasts which show that the company can continue to operate within its financial resources for twelve months from the date of this report and management accounts indicate these projections should be achieved. Consequently the directors are confident that the financial statements are properly prepared on a going concern basis.

Changes in accounting policies

The company has taken advantage of the provisions in section 390 of the Companies Act 2006 which allow the company to make accounts up to a date within seven days of the accounting reference date and consequently these financial statements are made up to 7th October 2019 (2018: 1st October).

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is recognised when the company has a right to the consideration.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 4% on cost
Short leasehold	- at varying rates on cost
Plant and machinery	- 10% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Stocks

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

Financial instruments

Financial instruments

The company holds basic financial instruments as defined by FRS102. The financial assets and financial liabilities of the company and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

The company enters into foreign exchange forward contracts to manage its exposure to foreign currency risk. These derivatives are measured at fair value, net of transactions costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

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

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

Pension costs and other post-retirement benefits

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

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	25,409,596	24,676,073
Europe	2,982,478	630,429
	<u>28,392,074</u>	<u>25,306,502</u>

All turnover relates to the sale of goods.

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	1,394,937	1,003,663
Social security costs	129,354	90,101
Other pension costs	35,654	14,005
	<u>1,559,945</u>	<u>1,107,769</u>

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

	2019	2018
Site operatives	39	33
Administration	10	7
	<u>49</u>	<u>40</u>

	2019	2018
	£	£
Directors' remuneration	81,331	27,769
Directors' pension contributions to money purchase schemes	<u>7,567</u>	<u>5,400</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£	£
Hire of plant and machinery	153,695	82,024
Depreciation - owned assets	262,163	278,456
Depreciation - assets on hire purchase contracts	569,173	371,061
Loss on disposal of fixed assets	49,592	55,895
Auditors' remuneration	10,750	7,800
Operating leases - rent	<u>89,000</u>	<u>94,000</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	2,867	5,136
Bank loan interest	19,668	19,191
Other interest	840	22,264
Hire purchase	<u>185,197</u>	<u>92,677</u>
	<u>208,572</u>	<u>139,268</u>

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

7. TAXATION

Analysis of the tax charge

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

	2019 £	2018 £
Current tax:		
UK corporation tax	77,289	394,446
Adjustment for earlier years	-	(14,502)
Total current tax	<u>77,289</u>	<u>379,944</u>
Deferred tax	168,671	18,419
Tax on profit	<u>245,960</u>	<u>398,363</u>

UK corporation tax has been charged at 19% (2018 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>1,140,787</u>	<u>2,017,139</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	216,750	383,256
Effects of:		
Expenses and depreciation not allowed for tax	29,210	29,036
Fall in rate of corporation tax	-	(476)
Taxation on revalued assets	-	(13,453)
Total tax charge	<u>245,960</u>	<u>398,363</u>

8. DIVIDENDS

	2019 £	2018 £
Ordinary Shares shares of £1 each		
Interim	<u>875,000</u>	<u>623,500</u>

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

9. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Plant and machinery £
COST OR VALUATION			
At 2 October 2018	1,263,236	133,537	5,551,453
Additions	-	371,102	4,106,790
Disposals	-	-	(235,353)
At 1 October 2019	<u>1,263,236</u>	<u>504,639</u>	<u>9,422,890</u>
DEPRECIATION			
At 2 October 2018	149,714	27,143	2,179,496
Charge for year	30,998	11,477	580,452
Eliminated on disposal	-	-	(162,461)
At 1 October 2019	<u>180,712</u>	<u>38,620</u>	<u>2,597,487</u>
NET BOOK VALUE			
At 1 October 2019	<u>1,082,524</u>	<u>466,019</u>	<u>6,825,403</u>
At 1 October 2018	<u>1,113,522</u>	<u>106,394</u>	<u>3,371,957</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION				
At 2 October 2018	93,663	998,855	11,140	8,051,884
Additions	28,417	287,972	992	4,795,273
Disposals	(9,299)	(233,335)	-	(477,987)
At 1 October 2019	<u>112,781</u>	<u>1,053,492</u>	<u>12,132</u>	<u>12,369,170</u>
DEPRECIATION				
At 2 October 2018	84,610	248,884	8,191	2,698,038
Charge for year	4,271	201,722	2,416	831,336
Eliminated on disposal	(9,299)	(48,709)	-	(220,469)
At 1 October 2019	<u>79,582</u>	<u>401,897</u>	<u>10,607</u>	<u>3,308,905</u>
NET BOOK VALUE				
At 1 October 2019	<u>33,199</u>	<u>651,595</u>	<u>1,525</u>	<u>9,060,265</u>
At 1 October 2018	<u>9,053</u>	<u>749,971</u>	<u>2,949</u>	<u>5,353,846</u>

Included in cost or valuation of land and buildings is freehold land of £ 569,695 (2018 - £ 569,695) which is not depreciated.

Short leasehold property includes £108,339 and plant and machinery includes £715,645 for assets in the course of construction. These assets have not yet been brought into use and have therefore not been depreciated.

Cost or valuation at 1 October 2019 is represented by:

	Freehold property £	Short leasehold £	Plant and machinery £
Valuation in 2015	-	-	800,000
Valuation in 2013	970,000	-	-
Valuation in 2011	-	-	460,000
Cost	<u>293,236</u>	<u>504,639</u>	<u>8,162,890</u>
	<u>1,263,236</u>	<u>504,639</u>	<u>9,422,890</u>

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

9. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2015	-	-	-	800,000
Valuation in 2013	-	-	-	970,000
Valuation in 2011	-	-	-	460,000
Cost	112,781	1,053,492	12,132	10,139,170
	112,781	1,053,492	12,132	12,369,170

If property and static plant had not been revalued they would have been included at the following historical cost

Cost £1,849,645 (2018 £1,849,645)

Aggregate Depreciation £730,419 (2018 £623,581)

Net book value £1,119,226 (2018 £1,226,064)

Plant and machinery includes static plant at a written down value of £543,436 (2018 £672,530) that have been revalued by the directors at depreciated replacement cost.

The land and buildings were revalued on 16th December 2013 as it is the directors' belief that this provides a true and fair view of their value. Properties to the value of £885,000 were valued by Grice & Hunter (Chartered Surveyors) on an open market existing use basis. A further property to the value of £85,000 was valued by the directors at the same time.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Short leasehold £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION				
At 2 October 2018	-	2,863,729	885,688	3,749,417
Additions	262,763	3,257,803	287,972	3,808,538
Disposals	-	-	(220,073)	(220,073)
At 1 October 2019	262,763	6,121,532	953,587	7,337,882
DEPRECIATION				
At 2 October 2018	-	789,566	163,577	953,143
Charge for year	3,445	383,103	182,625	569,173
Eliminated on disposal	-	-	(48,087)	(48,087)
At 1 October 2019	3,445	1,172,669	298,115	1,474,229
NET BOOK VALUE				
At 1 October 2019	259,318	4,948,863	655,472	5,863,653
At 1 October 2018	-	2,074,163	722,111	2,796,274

10. STOCKS

	2019 £	2018 £
Stocks	1,385,083	1,222,827

The cost of stock expensed during the year was £17,800,772 (2018 £16,646,393)

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	4,810,017	4,881,405
Other debtors	809,949	862,321
Directors' current accounts	72,771	-
Prepayments and accrued income	142,069	-
	<u>5,834,806</u>	<u>5,743,726</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank loans and overdrafts (see note 14)	158,336	58,336
Other loans (see note 14)	2,869,518	3,650,710
Hire purchase contracts (see note 15)	1,332,107	863,784
Trade creditors	5,458,837	4,259,722
Taxation	77,289	394,446
Social security and other taxes	38,647	127,403
Other creditors	71,213	11,923
Directors' current accounts	200,355	185,029
Accruals and deferred income	51,107	54,247
	<u>10,257,409</u>	<u>9,605,600</u>

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

	2019 £	2018 £
Bank loans (see note 14)	287,480	445,816
Hire purchase contracts (see note 15)	3,287,788	817,248
	<u>3,575,268</u>	<u>1,263,064</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Bank loans	158,336	58,336
Other loans	2,869,518	3,650,710
	<u>3,027,854</u>	<u>3,709,046</u>

Amounts falling due between one and two years:

Bank loans - 1-2 years	<u>287,480</u>	<u>445,816</u>
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Other loans comprise an invoice discounting facility.

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	1,332,107	863,784
Between one and five years	<u>3,287,788</u>	<u>817,248</u>
	<u>4,619,895</u>	<u>1,681,032</u>
	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	73,258	94,000
Between one and five years	242,005	376,000
In more than five years	<u>123,750</u>	<u>178,750</u>
	<u>439,013</u>	<u>648,750</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Bank loans	445,816	504,152
Hire purchase contracts	4,619,895	1,681,032
Invoice Discounting	<u>2,869,518</u>	<u>3,650,710</u>
	<u>7,935,229</u>	<u>5,835,894</u>

The bank loans (and overdraft facilities) are secured against the business property and additionally there is a charge over the other assets of the company. Further security over the bank loans and overdraft facilities is provided by personal guarantees from the directors amounting to £400,000.

The bank loan comprises:

- i) a 24 month £383,320 term loan at a variable interest rate of LIBOR plus margin at 3.25%. The bank loan is repayable by quarterly instalments and is due to be repaid in full by January 2020.
- ii) a 60 month £200,000 term loan at a variable interest rate of LIBOR plus margin at 3.25%. The bank loan is repayable by quarterly instalments and is due to be repaid in full by July 2020.

Finance leases and hire purchase creditors are secured on the assets concerned.

The invoice discounting facility is secured by an all asset debenture, a joint and several guarantee from the directors amounting to £300,000 and a guarantee from an entity controlled by a director.

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

17. FINANCIAL INSTRUMENTS

Financial assets

	2019	2018
	£	£
Financial assets measured at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost	6,153,983	7,012,216
	<u>6,153,983</u>	<u>7,012,216</u>

Financial liabilities

	2019	2018
	£	£
Financial liabilities measured at fair value through profit or loss	5,658	-
Financial liabilities measured at amortised cost	13,827,019	10,868,664
	<u>13,832,677</u>	<u>10,868,664</u>

Financial assets and liabilities measured at fair value through profit or loss comprise contracts to purchase foreign currency at a future date

Financial assets measured at amortised cost comprise trade debtors, other debtors, and cash at bank and in hand.

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

18. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Deferred tax		
Accelerated capital allowances	<u>487,343</u>	<u>318,672</u>
		Deferred tax
		£
Balance at 2 October 2018		318,672
Provided during year		168,671
Balance at 1 October 2019		<u>487,343</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2019	2018
			£	£
250	Ordinary Shares	£1	<u>250</u>	<u>250</u>

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

20. **RESERVES**

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 2 October 2018	1,843,065	557,988	250	2,401,303
Profit for the year	894,827			894,827
Dividends	(875,000)			(875,000)
Transfer	53,252	(53,252)	-	-
At 1 October 2019	<u>1,916,144</u>	<u>504,736</u>	<u>250</u>	<u>2,421,130</u>

21. **CAPITAL COMMITMENTS**

	2019 £	2018 £
Contracted but not provided for in the financial statements	<u>110,809</u>	<u>1,092,926</u>

22. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 1 October 2019 and 1 October 2018:

	2019 £	2018 £
A E Morris		
Balance outstanding at start of year	-	-
Amounts advanced	72,771	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>72,771</u>	<u>-</u>
T E Morris		
Balance outstanding at start of year	-	-
Amounts advanced	154,050	-
Amounts repaid	(154,050)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>
S A Morris		
Balance outstanding at start of year	-	-
Amounts advanced	97,098	-
Amounts repaid	(97,098)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>

Interest is charged on the loans at 2.5%.

Notes to the Financial Statements - continued
For The Year Ended 1 October 2019

23. RELATED PARTY DISCLOSURES

Amounts totalling £200,354 were owed to directors of the company. (2018 £185,029)

Amounts owing from other related parties were £708,918 (2018 £698,144).

Amounts due to other related parties were £ 71,216 (2018 £9,320).

A related party has provided an unlimited guarantee and indemnity for the company in respect of the invoice discounting facility. Further security over the bank loans and overdraft facilities is provided by personal guarantees amounting to £400,000.

All other transactions with these and other related parties are considered to be under normal market conditions.

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