Registered number: 01272854

ROGER SKINNER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

ROGER SKINNER LIMITED

COMPANY INFORMATION

Directors	R A S Skinner G J Panter L R J Phillips W L Skinner C W Delamore M R Peters D J Smith
Company secretary	W L Skinner
Registered number	01272854
Registered office	The Mill Stradbroke Eye Suffolk IP21 5HL
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 80 Compair Crescent Ipswich Suffolk IP2 0EH

ROGER SKINNER LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The directors present their Strategic Report and financial statements for the year ended 31 March 2018.

Business review and future developments

The company's principal activity relates to the manufacture of dog food but it also undertakes property investment activities.

Once again the directors are pleased to report that the business has continued to grow ahead of the market with turnover increasing by £0.9m to £16.7m. The operating profit from trading activities (operating profit less investment property revaluation) decreased by £0.4m to £3.1m.

The investment properties were professionally revalued during the prior year as per the requirements of FRS 102, these movements are shown separately on the Statement of Comprehensive Income on page 8.

Despite the flat overall market for dog food the company increased turnover, for that part of the business, by £0.8m to £16.2m with a gross margin of 55%.

Following our purchase of land in 2015/16 and continued increased demand, the board are currently evaluating expansion options with regard to the manufacturing site.

The directors are also pleased to report that they continue to fully lease the investment properties and tenant income has increased by £0.1m to £0.5m in the current year.

Finally, the board would like to recognise the hard work and dedication of our most important asset, our employees. We are a member of the living wage foundation, and we continue to support their important work and ethics.

Principal risks and uncertainties

As noted below, the company's core activities are pet food manufacturers and suppliers and property businesses. In common with many businesses carrying out similar activity, the principal risks and uncertainties it faces are customer spending downturns and changes in general economic conditions. While recognising the existence of such risks, the directors believe the company is well placed to successfully deal with any such challenges should they arise. This judgement reflects their assessment of the profitability of its pet food division and the expansion of its property assets.

Financial key performance indicators

The directors use a variety of performance measures in order to monitor and manage the business effectively.

The directors monitor the performance of the company based upon its turnover, profit before interest and tax and return on capital employed (calculated as operating profit as a percentage of net assets).

	2018	2017
Turnover	£16,681,834	£15,802,611
Profit before interest and tax	£3,099,424	£3,392,919
Return on capital employed	22.3%	26.6%

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Financial risk management objectives and policies

The company uses various financial instruments including cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to ensure sufficient finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are credit risk, interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

Credit risk
The company's principal credit risk is the recovery of amounts owed by trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit reference information. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Debts are actively chased by the credit control department.

Interest rate risk
The company has external finance in existence at 31 March 2018 as detailed in notes 18, 19, 20 and 21. The company manages its interest rate risk by agreeing rates with lenders where appropriate.

Liquidity risk
As a result of positive cash flows from operating activities and the current asset position, the directors do not consider liquidity or cashflow risk to be an issue although these areas are closely monitored to ensure the company's procedures continue to operate effectively to minimise risks.

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

R A S Skinner
Director

Date: 14 DECEMBER 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Principal activity

The principal activity remains unchanged being that of pet food manufacturers and suppliers. The company also holds investment property.

Results and dividends

The profit for the year, after taxation, amounted to £2,416,117 *(2017 - £2,622,263).*

During the year, dividends of £605,000 (2017: £355,000) were declared and paid.

Directors

The directors who served during the year were:

R A S Skinner
G J Panter
L R J Phillips
W L Skinner
C W Delamore
M R Peters
D J Smith (appointed 15 January 2018)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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, including FRS 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 and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Political and charitable contributions

During the year the company made charitable contributions of £13,550 *(2017: £30,559).*

Financial instruments

In common with every other business, the company aims to minimise financial risk. The measures used by the directors to manage this risk include preparation of profit forecasts and regular monitoring of actual performance against these forecasts. Debtors are closely monitored to keep the risk of bad debts to a minimum.

The company seeks to limit its exposure to price risk by agreeing forward contracts on some grain purchases up to four months in advance.

Matters covered in the strategic report

The Strategic Report includes the following disclosures that could have been included within the directors report:
- Business review
- Principal risks and uncertainties
- Financial key performance indicators
- Financial risk management policies and objectives

Disclosure of information to auditor

The directors confirm that:

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

Post balance sheet events

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

Auditor

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

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

R A S Skinner
Director

Date:
14 DECEMBER 2018

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROGER SKINNER LIMITED

Opinion

We have audited the financial statements of Roger Skinner Limited for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 31 March 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.

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.

Grant Thornton

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and 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.

Matter on which we are required to report by the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

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.

GrantThornton

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Grant Thornton UK LLP

Timothy Taylor FCA (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Senior Statutory Auditor
Ipswich
Date: 18 DECEMBER 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	**16,681,834**	*15,802,611*
Cost of sales		**(7,199,539)**	*(6,461,386)*
Gross profit		**9,482,295**	*9,341,225*
Distribution costs		**(2,380,994)**	*(2,295,064)*
Administrative expenses		**(4,001,894)**	*(3,569,307)*
Investment property revaluation		**-**	*(85,468)*
Other operating income		**17**	*1,533*
Operating profit	5	**3,099,424**	*3,392,919*
Interest receivable and similar income	9	**3**	*277*
Interest payable and expenses	10	**(83,957)**	*(105,823)*
Profit before tax		**3,015,470**	*3,287,373*
Tax on profit	11	**(599,353)**	*(665,110)*
Profit for the financial year		**2,416,117**	*2,622,263*

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 13 to 33 form part of these financial statements.

ROGER SKINNER LIMITED
REGISTERED NUMBER:01272854

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note		2018 £		2017 £
Fixed assets					
Tangible assets	13		**3,862,255**		*3,568,555*
Investment property	14		**5,992,483**		*5,940,676*
			9,854,738		*9,509,231*
Current assets					
Stocks	15	**1,415,257**		*1,104,211*	
Debtors: amounts falling due within one year	16	**7,753,693**		*6,992,753*	
Cash at bank and in hand	17	**612,173**		*652,869*	
		9,781,123		*8,749,833*	
Creditors: amounts falling due within one year	18	**(2,885,799)**		*(3,177,999)*	
Net current assets			**6,895,324**		*5,571,834*
Total assets less current liabilities			**16,750,062**		*15,081,065*
Creditors: amounts falling due after more than one year	19		**(1,727,306)**		*(1,866,774)*
Provisions for liabilities					
Deferred tax	23		**(470,225)**		*(472,877)*
Net assets			**14,552,531**		*12,741,414*
Capital and reserves					
Called up share capital	24		**2,007**		*2,007*
Share premium account	25		**3,250**		*3,250*
Revaluation reserve	25		**401,829**		*401,829*
Capital redemption reserve	25		**191**		*191*
Profit and loss account	25		**14,145,254**		*12,334,137*
			14,552,531		*12,741,414*

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

R A S Skinner
Director

14 DECEMBER 2018

The notes on pages 13 to 33 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 April 2017	2,007	3,250	191	401,829	12,334,137	12,741,414
Profit for the year	-	-	-	-	2,416,117	2,416,117
Total comprehensive income for the year	-	-	-	-	2,416,117	2,416,117
Dividends: Equity capital	-	-	-	-	(605,000)	(605,000)
Total transactions with owners	-	-	-	-	(605,000)	(605,000)
At 31 March 2018	2,007	3,250	191	401,829	14,145,254	14,552,531

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 April 2016	2,007	3,250	191	401,829	10,066,874	10,474,151
Profit for the year	-	-	-	-	2,622,263	2,622,263
Total comprehensive income for the year	-	-	-	-	2,622,263	2,622,263
Dividends: Equity capital	-	-	-	-	(355,000)	(355,000)
Total transactions with owners	-	-	-	-	(355,000)	(355,000)
At 31 March 2017	2,007	3,250	191	401,829	12,334,137	12,741,414

The notes on pages 13 to 33 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	**2,416,117**	*2,622,263*
Adjustments for:		
Depreciation of tangible assets	**421,815**	*381,290*
Profit on disposal of tangible assets	**(22,708)**	*(63,085)*
Interest paid	**83,957**	*105,823*
Interest received	**(3)**	*(277)*
Taxation charge	**599,353**	*665,110*
(Increase) in stocks	**(311,046)**	*(360,269)*
(Increase) in debtors	**(720,968)**	*(1,760,837)*
Increase in creditors	**250,079**	*39,716*
Net fair value losses recognised in P&L	**-**	*85,458*
Corporation tax (paid)	**(1,261,516)**	*(897,332)*
Net cash generated from operating activities	**1,455,080**	*817,860*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(686,027)**	*(728,804)*
Proceeds from sale of tangible fixed assets	**31,337**	*77,749*
Purchase of investment properties' fixtures and fittings	**(63,363)**	*(114,421)*
Proceeds from sale of investment properties' fixtures and fittings	**11,556**	*-*
Interest received	**3**	*277*
HP interest paid	**(15,850)**	*(11,932)*
Net cash from investing activities	**(722,344)**	*(777,131)*

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Cash flows from financing activities		
New secured loans	**350,000**	*400,000*
Repayment of loans	**(326,668)**	*(301,809)*
Repayment of/new finance leases	**(123,657)**	*(98,925)*
Dividends paid	**(605,000)**	*(355,000)*
Interest paid	**(68,107)**	*(93,891)*
Net cash used in financing activities	**(773,432)**	*(449,625)*
Net (decrease) in cash and cash equivalents	**(40,696)**	*(408,896)*
Cash and cash equivalents at beginning of year	**652,869**	*1,061,765*
Cash and cash equivalents at the end of year	**612,173**	*652,869*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**612,173**	*652,869*
	612,173	*652,869*

The notes on pages 13 to 33 form part of these financial statements.

1. General information

Roger Skinner Limited is a private company limited by shares and is incorporated in England and Wales. Its registered address is The Mill, Stradbroke, Eye, Suffolk, IP21 5HL.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income is recognised on an accruals basis in the accounts, in the period to which it relates.

2.3 Tangible fixed assets

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

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- over a period between 5-10 years (land is not depreciated)
Plant and machinery	- over a period between 4-10 years
Motor vehicles	- over a period between 2-4 years
Fixtures and fittings	- over a period between 2-4 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.4 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised as other comprehensive income within the Statement of changes in equity.

2.5 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the Statement of comprehensive income.

No depreciation is provided in respect of freehold investment properties. This departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated, is in the opinion of the directors, necessary for the financial statements to give a true and fair view in accordance with applicable United Kingdom Accounting Standards, as investment properties are included in the financial statements at their fair value.

2. Accounting policies (continued)

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.7 Debtors

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

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.9 Creditors

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

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2. Accounting policies (continued)

2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within administrative expenses.

2.13 Operating leases: the company as lessor

Rentals income from operating leases is credited to the Statement of comprehensive income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.14 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2. Accounting policies (continued)

2.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.18 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

In the application of the company accounting policies the directors are required to make judgements, estimates and assumptions. 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. Revision to accounting estimates are recognised in the period in which the estimated is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities are outlined below:

Tangible fixed assets
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Valuations
External revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value. During interim periods the directors are responsible for valuing tangible fixed assets and investment properties and base their valuation on their knowledge of the business and the geographical areas that they operate in. Investment properties are valued using current market rents, investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

4. Turnover

£16.2m *(2017 £15.4m)* of turnover is attributable to pet food manufacture and supply and £0.5m *(2017: £0.4m)* to rental income arising from the company's investment properties.

In accordance with paragraph 68(5) of Schedule 1, Part 3 to SI 2008 410 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the directors consider that the disclosure of further segmental information relating to classes of business would be seriously prejudicial to the interests of the company and has therefore not been disclosed.

Analysis of turnover by country of destination:

	2018	*2017*
	£	*£*
United Kingdom	**16,071,077**	*15,248,607*
Rest of European Union	**372,647**	*374,540*
Rest of the world	**238,110**	*179,464*
	16,681,834	*15,802,611*

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets - owned by the company	326,062	327,867
Depreciation of tangible fixed assets - held under finance leases	95,753	53,423
Payments made under operating leases	10,240	10,240
Foreign exchange loss	452	4,097
Profit on disposal of tangible fixed assets	22,708	63,085
Defined contribution pension cost	49,480	30,930

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	13,339	12,750
All other services	24,165	1,950

The other services relate to corporation tax compliance and corporation tax advisory services.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	**1,697,457**	*1,537,320*
Social security costs	**215,982**	*184,862*
Cost of defined contribution scheme	**49,480**	*30,930*
	1,962,919	*1,753,112*

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

	2018 No.	2017 No.
Production	**25**	*26*
Sales	**13**	*12*
Administration	**20**	*18*
	58	*56*

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	**534,129**	*518,839*
Directors pension costs - defined contrib'n sch.	**10,123**	*8,040*
	544,252	*526,879*

During the year retirement benefits were accruing to 3 directors *(2017 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,421 *(2017: £134,118)*.

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

9. Interest receivable

	2018 £	2017 £
Other interest receivable	**3**	*277*

10. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	68,107	76,333
Finance leases and hire purchase contracts	15,850	11,932
Other interest payable	-	17,558
	83,957	105,823

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	602,005	683,139
Adjustments in respect of previous periods	-	4,559
Total current tax	602,005	687,698
Deferred tax		
Origination and reversal of timing differences	(6,272)	(22,588)
Adjustments in respect of previous periods	3,620	-
Total deferred tax	(2,652)	(22,588)
Taxation on profit on ordinary activities	599,353	665,110

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19% *(2017 - 20%)*. The differences are explained below:

	2018 £	*2017* *£*
Profit on ordinary activities before tax	**3,015,470**	*3,287,373*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	**572,939**	*656,727*
Effects of:		
Expenses not deductible for tax purposes	**22,794**	*32,223*
Adjustments to tax charge in respect of prior periods	**3,620**	*4,559*
Changes in taxation rates	**-**	*(28,399)*
Total tax charge for the year	**599,353**	*665,110*

Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax from 20% to 17% by 1 April 2020 was included in the Finance Act 2016 and has since become substantively enacted. Deferred tax has been provided for at 17% in these accounts.

12. Dividends

	2018 £	*2017* *£*
Dividends paid on ordinary shares	**605,000**	*355,000*

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets in the course of construction £	Total £
Cost or valuation						
At 1 April 2017	2,334,717	3,223,567	370,198	95,395	33,184	6,057,061
Additions	324,539	79,576	140,772	29,954	149,303	724,144
Disposals	-	(11,740)	(54,419)	-	-	(66,159)
Transfers between classes	-	28,467	-	4,717	(33,184)	-
At 31 March 2018	2,659,256	3,319,870	456,551	130,066	149,303	6,715,046
Depreciation						
At 1 April 2017	-	2,226,685	187,175	74,646	-	2,488,506
Charge owned for the period	64,677	231,928	105,245	19,965	-	421,815
Disposals	-	(11,740)	(45,790)	-	-	(57,530)
At 31 March 2018	64,677	2,446,873	246,630	94,611	-	2,852,791
Net book value						
At 31 March 2018	2,594,579	872,997	209,921	35,455	149,303	3,862,255
At 31 March 2017	*2,334,717*	*996,882*	*183,023*	*20,749*	*33,184*	*3,568,555*

13. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	*2017 £*
Plant and machinery	**376,332**	*431,830*

The freehold land and buildings at Stradbroke, Suffolk were valued by Fennel Chartered Surveyors on 31 March 2016 at £2,154,000.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2018 £	*2017 £*
Cost	**2,696,632**	*2,372,093*
Accumulated depreciation	**(327,602)**	*(262,925)*
Net book value	**2,369,030**	*2,109,168*

14. Investment property

	Freehold investment property £
Valuation	
At 1 April 2017	**5,940,676**
Additions at cost	**63,363**
Disposals	**(11,556)**
At 31 March 2018	**5,992,483**

Investment property includes Carlton Park Industrial Estate and Horham Airfield Industrial Estate. Both properties were valued by Fennel Chartered Surveyors on 5 May 2017. Carlton Park Industrial Estate was valued at £3,603,004 and Horham Airfield Industrial Estate was valued at £2,337,672. Both valuations include fixtures and fittings and plant and machinery.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2018 £	*2017 £*
Historic cost	**3,875,553**	*3,856,804*
Accumulated depreciation	**(204,933)**	*(277,730)*
Net book value	**3,670,620**	*3,579,074*

15. Stocks

	2018 £	*2017 £*
Raw materials and consumables	**873,054**	*679,889*
Finished goods and goods for resale	**542,203**	*424,322*
	1,415,257	*1,104,211*

Stock recognised in cost of sales during the year as an expense was £7,119,505 *(2017: £6,378,601)*.

An impairment loss of £34,403 *(2017: £3,039)* was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors

	2018 £	*2017* *£*
Trade debtors	**1,917,924**	*1,880,452*
Other debtors	**4,458,597**	*3,687,877*
Prepayments and accrued income	**134,935**	*222,157*
Tax recoverable	**1,242,237**	*1,202,267*
	7,753,693	*6,992,753*

Included within other debtors due within one year is a loan to Mr R Skinner, a director, amounting to £4,256,950 *(2017: £3,562,069)*. Amounts repaid during the year totalled £528,453. The loan is repayable on demand and interest is not charged.

A bad debt provision of £186,300 *(2017: £31,941)* was recognised against trade debtors.

17. Cash and cash equivalents

	2018 £	*2017* *£*
Cash at bank and in hand	**612,173**	*652,869*

18. Creditors: Amounts falling due within one year

	2018 £	*2017* *£*
Bank loans	**478,222**	*405,999*
Trade creditors	**1,403,217**	*1,098,989*
Corporation tax	**488,330**	*1,107,871*
Obligations under finance lease and hire purchase contracts	**118,723**	*113,686*
Other creditors	**7,374**	*434*
Accruals and deferred income	**389,933**	*451,020*
	2,885,799	*3,177,999*

19. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Bank loans	1,546,493	1,595,384
Obligations under finance leases and hire purchase contracts	180,813	271,390
	1,727,306	1,866,774

Secured loans

The bank loans are secured by fixed charges over The Mill, Stradbroke, Horham Airfield Industrial Estate and Carlton Park Industrial Estate as well as by a debenture.

Interest is charged on the loans at rates between 2% above the Bank of England base rate and a fixed rate of 4.35%.

Amounts due under hire purchase contracts are secured on the related fixed assets.

20. Loans

Analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year		
Bank loans	478,222	405,999
Amounts falling due 1-2 years		
Bank loans	434,270	402,570
Amounts falling due 2-5 years		
Bank loans	905,828	861,214
Amounts falling due after more than 5 years		
Bank loans	206,395	331,600
	2,024,715	2,001,383

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018	*2017*
	£	*£*
Within one year	**118,723**	*113,686*
Between 1-2 years	**103,081**	*106,017*
Between 2-5 years	**77,732**	*165,373*
	299,536	*385,076*

22. Financial instruments

	2018	*2017*
	£	*£*
Financial assets		
Cash and cash equivalents	**612,173**	*652,869*
Financial assets that are equity instruments measured at cost less impairment	**6,376,521**	*5,568,329*
	6,988,694	*6,221,198*
Financial liabilities		
Financial liabilities measured at amortised cost	**(3,734,842)**	*(3,587,482)*

Financial assets measured at amortised cost comprise trade and other debtors (excluding prepayments and taxation).

Financial liabilities measured at amortised cost comprise trade and other creditors (excluding accruals and deferred income and taxation).

23. Deferred taxation

	2018 £	2017 £
At beginning of year	(472,877)	(495,465)
Charged to profit or loss	2,652	22,588
At end of year	(470,225)	(472,877)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(98,114)	(100,766)
Revaluation gains	(372,111)	(372,111)
	(470,225)	(472,877)

24. Share capital

	2018 £	2017 £
Shares classified as equity		
Authorised		
4,998 Ordinary shares of £1 each	4,998	4,998
2 Convertible deferred shares of £1 each	2	2
1,000 Non-voting ordinary shares of £1 each	1,000	1,000
500 Class C shares of £0.01 each	5	5
	6,005	6,005
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
2 Convertible deferred shares of £1 each	2	2
1,000 Non-voting ordinary shares of £1 each	1,000	1,000
500 Class C shares of £0.01 each	5	5
	2,007	2,007

24. Share capital (continued)

The 2 Convertible deferred shares of £1 each automatically converted to Ordinary B shares on expiry of the enhanced dividend period on 31 March 2017. These shares are ranked pari-passu with the Ordinary shares.

Non-voting ordinary shares shall have all rights attaching to Ordinary shares except they shall not have voting rights conferred by the Act and Articles.

Class C shares are non-voting shares with specific dividend rights subject to dividends being declared over a specified threshold.

During 2012 the company issued share options to a director of 220 Ordinary shares. The options vested on the date of grant and are exercisable upon share sale, asset sale or listing (which is not presently considered probable).

During 2014 the company issued share options to 3 directors of 1 D share of £1 each. The options are exercised upon a share sale, asset sale or listing. The options vest and are exercisable on such an event which is not presently considered probable, therefore no such financial instrument has been recognised within the financial statements. The D shares provide deferred capital participation rights on such an event and have no voting rights.

25. Reserves

Share premium account

The Share premium account includes the premium on issue of equity shares, net of any issue costs.

Revaluation reserve

The revaluation reserve contains gains arising on the revaluation of tangible fixed assets and is distributable on sale of these relevant assets.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Profit and loss account

Profit and loss account represents cumulative profits or losses of the group, net of dividends paid and other adjustments. The profit and loss reserve also contains gains arising on the revaluation of investment properties.

26. Capital commitments

At 31 March 2018 the company had capital commitments as follows:

	2018	*2017*
	£	*£*
Contracted for but not provided in these financial statements	**207,175**	*207,438*

27. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £49,480 *(2017: £30,930)*.

Contributions totalling £Nil *(2017: £308)* were payable to the fund at the Statement of Financial Position date and are included in other creditors.

28. Commitments under operating leases

Lessor

The company leases out the investment properties under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

	2018	*2017*
	£	*£*
Not later than 1 year	**232,720**	*230,325*
Later than 1 year and not later than 5 years	**817,148**	*934,815*
Later than 5 years	**320,833**	*491,179*
	1,370,701	*1,656,319*

Lessee

The company had minimum lease payments under non-cancellable operating leases as set out below:

	2018	*2017*
	£	*£*
Not later than 1 year	**10,240**	*10,240*
Later than 1 year and not later than 5 years	**3,756**	*13,996*
	13,996	*24,236*

29. Related party transactions

During the year the company sold goods to a partnership, Salters Pet Nutrition to the value of £143,567 *(2017: £169,614)*. The director, R A S Skinner, is partner of Salters Pet Nutrition. As at 31 March 2018, the company was owed £26,038 *(2017: £24,934)* by Salters Pet Nutrition.

Key management personnel
Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company totalled £586,415 *(2017: £562,364)*.

During the year, dividends of £605,000 *(2017: £355,000)* were paid to key management personnel of the company.

At the year end, a loan balance of £4,256,950 *(2017: £3,562,069)* was owed by key management personnel. This is shown in other debtors at note 16.

30. Forward Purchases

The company buys large quantities of grain and other commodities of which the price can fluctuate. As a result, the company is subject to price risk. The company seeks to reduce this risk by entering into forward contracts with suppliers to purchase goods for use in the business. At 31 March 2018 the company had forward contracts with a fair value of £1,021,285 which are expected to be drawn down in the year ending 31 March 2019.

31. Controlling party

The company is controlled by R A S Skinner by virtue of his majority shareholding.