

FOLD HILL FOODS LTD
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Dexter & Sharpe Audit Services Ltd
(Statutory Auditor)
Rollestone House
Bridge Street
Horncastle
Lincolnshire
LN9 5HZ



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FOR THE YEAR ENDED 31 DECEMBER 2017**

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FOLD HILL FOODS LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS: J E Grant
A J Grant

SECRETARY: J E Grant

REGISTERED OFFICE: Fold Hill
Old Leake
Boston
Lincolnshire
PE22 9PJ

REGISTERED NUMBER: 01426126 (England and Wales)

AUDITORS: Dexter & Sharpe Audit Services Ltd
(Statutory Auditor)
Rollestone House
Bridge Street
Horncastle
Lincolnshire
LN9 5HZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

The principal activity of the company in the year under review was the manufacture of pet food and the marketing thereof to the retail trade.

REVIEW OF BUSINESS

There was a growth of turnover in the current year following a decrease in turnover in the preceding year.

However the gross profit decreased by 1.27 percentage points as a consequence of an increase in raw material costs.

The company continues to develop its product base with the objective of generating additional turnover.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a challenging economic climate in which the price expectations of our customers have to be balanced against the volatility of the key raw material prices. The management of the company's business and the execution of the company's strategies are subject to a number of risks:

- The volatility of raw material prices;
- The pressures on labour costs;
- The requirement to constantly upgrade equipment and invest in new equipment as new products are developed;
- The reliance on a few key customers to generate the current level of turnover.

These risks are being addressed by :

- Working closely with our customers to ensure that we understand their needs and continue to offer competitive products and prices;
- Continued development of and further diversification of the product range so that the products remain attractive to both current and prospective customers;
- Investment in plant and equipment and engineers, so that production remains efficient and forecast volumes are achievable. Further investment in production planning and scheduling software and processes.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses various financial instruments including cash, hire purchase agreements and items such as trade debtors and trade creditors that arise directly from its operations, the main purpose of which is to ensure liquidity for the company's activities. Certain overseas suppliers are paid in foreign currency. Forward currency contract derivatives may be taken out from time to time to hedge against the cash flow risk, following an assessment of the cash flows. These financial instruments expose the company to a number of financial risks, as set out below along with the means in which the company manages its exposures in these areas.

Interest rate risk

The company has no bank overdrafts or bank borrowings.

Liquidity risks

The company manages its financial risk by ensuring it has enough liquidity available to meet its operating commitments through operating cash inflows and hire purchase facilities.

Credit risk

The company's main financial assets are cash and trade debtors. The main credit risk is linked to trade debtors, albeit, this is mitigated as the customers tend to be "blue chip". The company's aim is to minimise the risk of doubtful debts through the use of credit agencies, trade references and general experience of the industry. A proactive approach to debt collection is adopted with accounts processed regularly for obtaining payments, with collection history, and credit limits being reviewed on an ongoing basis.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

KEY PERFORMANCE INDICATORS

We consider our key performance indicators to be measured by both turnover and operating profit. Operating profit has increased as discussed in the Business Review above. Turnover is in line with prior year masking volume increases countered by some decrease in selling prices.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'J E Grant', is positioned above the printed name.

J E Grant - Director

26 September 2018

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

RESEARCH AND DEVELOPMENT

The company continues to research new recipes as part of its development into the dried pet food sector. A research laboratory and research team have been established specifically for this purpose.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 January 2017 to the date of this report.

The beneficial interests of the directors holding office at 31 December 2017 in the shares of the company, according to the register of directors' interests, were as follows:

	31.12.17	1.1.17
"B" ordinary shares of £1 each		
J E Grant	1	1
A J Grant	1	1

These directors did not hold any beneficial interests in the "A" ordinary shares of £1 each.

These directors did not hold any non-beneficial interests in any of the shares of the company.

DISCLOSURE IN THE STRATEGIC REPORT

The Financial Risk Management Objectives and Policies, Principal Risks and Uncertainties and The Review of the Business and Future Development are covered in the Strategic Report.

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). 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 31 DECEMBER 2017**

AUDITORS

The auditors, Dexter & Sharpe Audit Services Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'J E Grant', with a horizontal line extending from the end of the signature.

J E Grant - Director

26 September 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FOLD HILL FOODS LTD

Opinion

We have audited the financial statements of Fold Hill Foods Ltd (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 December 2017 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 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, 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.

Opinion 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FOLD HILL FOODS LTD**

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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.



Mrs Nicola Michelle Lenton F.C.C.A. (Senior Statutory Auditor)
for and on behalf of Dexter & Sharpe Audit Services Ltd
(Statutory Auditor)
Rollestone House
Bridge Street
Horncastle
Lincolnshire
LN9 5HZ

26 September 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	£
TURNOVER		31,318,690	29,234,340
Cost of sales		<u>27,514,046</u>	<u>25,295,229</u>
GROSS PROFIT		3,804,644	3,939,111
Distribution costs		1,731,302	1,755,234
Administrative expenses		<u>1,591,826</u>	<u>925,955</u>
		3,323,128	2,681,189
OPERATING PROFIT	4	481,516	1,257,922
Interest receivable and similar income		<u>2,193</u>	<u>6,576</u>
		483,709	1,264,498
Interest payable and similar expenses	5	<u>183,593</u>	<u>3,875</u>
PROFIT BEFORE TAXATION		300,116	1,260,623
Tax on profit	6	<u>158,345</u>	<u>100,638</u>
PROFIT FOR THE FINANCIAL YEAR		141,771	1,159,985
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>141,771</u>	<u>1,159,985</u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	7	44,577	52,946
Tangible assets	8	4,536,541	3,553,414
Investments	9	605,042	605,042
		<u>5,186,160</u>	<u>4,211,402</u>
CURRENT ASSETS			
Stocks	10	3,074,110	3,022,316
Debtors	11	8,837,491	7,128,472
Cash at bank and in hand		1,402,502	2,858,661
		<u>13,314,103</u>	<u>13,009,449</u>
CREDITORS			
Amounts falling due within one year	12	4,014,798	3,502,195
NET CURRENT ASSETS		<u>9,299,305</u>	<u>9,507,254</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,485,465</u>	<u>13,718,656</u>
PROVISIONS FOR LIABILITIES	15	(1,033,063)	(286,400)
ACCRUALS AND DEFERRED INCOME	16	(246,221)	(367,846)
NET ASSETS		<u><u>13,206,181</u></u>	<u><u>13,064,410</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	10	10
Retained earnings	18	13,206,171	13,064,400
SHAREHOLDERS' FUNDS		<u><u>13,206,181</u></u>	<u><u>13,064,410</u></u>

The financial statements were approved by the Board of Directors on 26 September 2018 and were signed on its behalf by:



J E Grant - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	10	11,904,415	11,904,425
Changes in equity			
Total comprehensive income	-	1,159,985	1,159,985
Balance at 31 December 2016	10	13,064,400	13,064,410
Changes in equity			
Total comprehensive income	-	141,771	141,771
Balance at 31 December 2017	10	13,206,171	13,206,181

The notes form part of these financial statements

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

1. **STATUTORY INFORMATION**

Fold Hill Foods Ltd 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.

The financial statements have been prepared on a going concern basis in accordance with applicable accounting policies.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the judgement of the directors a key estimate relates to stock provisioning, where it is possible that the outcome may differ to the estimates made.

The company manufactures and packs dog biscuits for sale. Certain of the raw materials used and products manufactured have a shelf life. Packaging stocks have to be managed to suit current product ranges. These risks are managed to reduce obsolete stock to a minimum and provision is made for slow and obsolete stocks.

Turnover

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

Analysis of turnover by market is not disclosed as the directors consider that such disclosure would be seriously prejudicial to the business.

Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the separable net assets. It is amortised to profit and loss account over 20 years.

Know-how represents the purchase of established methods of production. It is amortised to profit and loss over 4 years.

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.

Buildings	- 10% on cost
Plant and machinery	- 15% on cost and 10% on cost
Motor vehicles	- 25% on reducing balance

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

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

2. **ACCOUNTING POLICIES - continued**

Stocks

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

Costs include all direct costs and an appropriate proportion of fixed and variable overheads.

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

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.

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.

Government grants

Grants received to fund the purchase of fixed tangible assets are included within provisions as deferred assets, and are credited to the profit and loss account over the expected lives of the related assets.

Operating leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to profit and loss account as incurred.

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

3. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	4,570,185	3,851,890
Social security costs	385,433	340,673
Other pension costs	54,212	52,714
	<u>5,009,830</u>	<u>4,245,277</u>

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

	2017	2016
Directors	2	2
Managers	7	7
Administration	14	13
Operatives	142	127
	<u>165</u>	<u>149</u>

	2017	2016
	£	£
Directors' remuneration	555,775	15,000
Directors' pension contributions to money purchase schemes	<u>91</u>	<u>92</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2017	2016
Money purchase schemes	<u>2</u>	<u>2</u>

Information regarding the highest paid director for the year ended 31 December 2017 is as follows:

	2017
	£
Emoluments etc	230,199
Pension contributions to money purchase schemes	<u>91</u>

4. OPERATING PROFIT

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

	2017	2016
	£	£
Depreciation - owned assets	730,207	765,961
Depreciation - assets on hire purchase contracts	436	-
Loss on disposal of fixed assets	314	30,511
Goodwill amortisation	7,428	7,428
Knowhow amortisation	941	1,255
Auditors' remuneration	8,900	8,650
Auditors' remuneration for non audit work	3,043	14,572
Foreign exchange differences	<u>-</u>	<u>(21,333)</u>

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

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Hire purchase	-	3,875
HMRC interest and penalties	183,593	-
	<u>183,593</u>	<u>3,875</u>

6. TAXATION**Analysis of the tax charge**

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	136,050	150,508
Under / (Overprovision) in previous year	-	(31,531)
Total current tax	136,050	118,977
Deferred tax	22,295	(18,339)
Tax on profit	<u>158,345</u>	<u>100,638</u>

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:

	2017	2016
	£	£
Profit before tax	<u>300,116</u>	<u>1,260,623</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	57,772	252,125
Effects of:		
Expenses not deductible for tax purposes	139,441	-
R & D enhanced relief	(24,063)	(36,037)
Deferred tax not recognised	2,530	12,094
Group relief	(17,335)	(96,013)
Adjustment to tax charge in respect of prior years	-	(31,531)
Total tax charge	<u>158,345</u>	<u>100,638</u>

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

7. INTANGIBLE FIXED ASSETS

	Goodwill £	Knowhow £	Totals £
COST			
At 1 January 2017			
and 31 December 2017	148,563	173,686	322,249
AMORTISATION			
At 1 January 2017	99,381	169,922	269,303
Amortisation for year	7,428	941	8,369
At 31 December 2017	106,809	170,863	277,672
NET BOOK VALUE			
At 31 December 2017	41,754	2,823	44,577
At 31 December 2016	49,182	3,764	52,946

8. TANGIBLE FIXED ASSETS

	Buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2017	2,916,262	14,101,711	144,403	154,499	17,316,875
Additions	103,940	1,611,144	-	-	1,715,084
Disposals	-	(16,400)	-	-	(16,400)
At 31 December 2017	3,020,202	15,696,455	144,403	154,499	19,015,559
DEPRECIATION					
At 1 January 2017	2,838,506	10,768,238	82,943	73,774	13,763,461
Charge for year	13,882	682,052	14,528	20,181	730,643
Eliminated on disposal	-	(15,086)	-	-	(15,086)
At 31 December 2017	2,852,388	11,435,204	97,471	93,955	14,479,018
NET BOOK VALUE					
At 31 December 2017	167,814	4,261,251	46,932	60,544	4,536,541
At 31 December 2016	77,756	3,333,473	61,460	80,725	3,553,414

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

8. TANGIBLE FIXED ASSETS - continued

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

	Plant and machinery £
COST	
Additions	10,000
At 31 December 2017	<u>10,000</u>
DEPRECIATION	
Charge for year	436
At 31 December 2017	<u>436</u>
NET BOOK VALUE	
At 31 December 2017	<u><u>9,564</u></u>

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2017 and 31 December 2017	<u>605,042</u>
NET BOOK VALUE	
At 31 December 2017	<u><u>605,042</u></u>
At 31 December 2016	<u><u>605,042</u></u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Superior Pet Products Limited

Registered office: United Kingdom

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Pointer Pet Products Limited

Registered office: United Kingdom

Nature of business: Manufacture of pet food

	%
Class of shares:	holding
'A' ordinary	100.00
'B' ordinary	100.00

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

10. STOCKS

	2017	2016
	£	£
Raw materials	2,091,516	1,911,871
Finished goods	982,594	1,110,445
	<u>3,074,110</u>	<u>3,022,316</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	6,741,167	5,797,974
Amounts owed by group undertakings	1,347,230	1,008,885
Other debtors	749,094	321,613
	<u>8,837,491</u>	<u>7,128,472</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Hire purchase contracts (see note 13)	6,670	-
Trade creditors	2,896,298	2,362,335
Corporation Tax	136,050	150,508
Social security and other taxes	319,904	288,749
Other creditors	655,876	700,603
	<u>4,014,798</u>	<u>3,502,195</u>

13. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2017	2016
	£	£
Net obligations repayable:		
Within one year	<u>6,670</u>	<u>-</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Hire purchase contracts	<u>6,670</u>	<u>-</u>

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

15. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax	308,695	286,400
Other provisions	724,368	-
	<u>1,033,063</u>	<u>286,400</u>
		Deferred tax
		£
Balance at 1 January 2017		286,400
Charge to Statement of Comprehensive Income during year		<u>22,295</u>
Balance at 31 December 2017		<u>308,695</u>

The provision relates to costs involved in settling an enquiry with HM Revenue & Customs into the company's usage of an Employee Benefit Trust (EBT) arrangement. Following the decision in July 2017 from The Supreme Court in the case of RFC 2012 plc (in liquidation) (formerly the Rangers Football Club plc) (Appellant) v Advocate General for Scotland (Respondent) (Scotland) [2017] UKSC 45 the company has taken the view to approach HM Revenue & Customs to arrange settlement of the Company's Employee Benefit Trust arrangements. The earlier judgements from 2002 (Dextra) and 2008 (Semptra) indicated the Court had accepted that payments to EBT's were generally not earnings. It was on this basis that the company made use of EBT arrangements in 2007. At the time of signing of these accounts, the provision has been included as the best estimate of the amount required to settle the obligation at the reporting date.

16. ACCRUALS AND DEFERRED INCOME

	2017 £	2016 £
Deferred government grants	<u>246,221</u>	<u>367,846</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
8	"A" ordinary	£1	8	8
2	"B" ordinary	£1	2	2
			<u>10</u>	<u>10</u>

18. RESERVES

	Retained earnings £
At 1 January 2017	13,064,400
Profit for the year	<u>141,771</u>
At 31 December 2017	<u>13,206,171</u>

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

19. **ULTIMATE PARENT COMPANY**

The ultimate holding company is J.W. Grant Co, a company incorporated in Great Britain and registered in England and Wales.

20. **CONTINGENT LIABILITIES**

The company's bankers hold an unlimited guarantee to secure the liabilities of J.W. Grant Co. - its parent company - and that company's other subsidiary companies. At 31 December 2017 J. W Grant Co had bank loans amounting to £295,901 (31 December 2016 £345,279). There is also a guarantee for £56,400 in favour of H M Revenue and Customs which would fall due only on default of payment of input tax on imported machinery.

21. **CAPITAL COMMITMENTS**

	2017 £	2016 £
Contracted but not provided for in the financial statements	-	1,147,430

22. **RELATED PARTY DISCLOSURES**

Goods and services to a value of £952,113 (2016 £817,233) were purchased from J W Grant Co, the ultimate parent company, during the year.

At 31 December 2017 £1,102,551 (2016 £721,648) was due by J W Grant Co .