

Registered number: 02200398

LUSCOMBE DRINKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



LUSCOMBE DRINKS LIMITED
REGISTERED NUMBER: 02200398

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	2	26,250	41,250
Tangible assets	3	676,771	754,044
		<u>703,021</u>	<u>795,294</u>
Current assets			
Stocks	4	1,281,701	1,416,022
Debtors	5	815,619	783,685
Cash at bank and in hand		215,119	500,612
		<u>2,312,439</u>	<u>2,700,319</u>
Creditors: amounts falling due within one year	6	(1,151,051)	(1,053,142)
Net current assets		<u>1,161,388</u>	<u>1,647,177</u>
Total assets less current liabilities		<u>1,864,409</u>	<u>2,442,471</u>
Creditors: amounts falling due after more than one year	7	(129,011)	(223,500)
Provisions for liabilities			
Deferred taxation	8	(29,938)	(72,816)
Net assets		<u><u>1,705,460</u></u>	<u><u>2,146,155</u></u>
Capital and reserves			
Called up share capital		9	9
Profit and loss account		1,705,451	2,146,146
Total shareholders' funds		<u><u>1,705,460</u></u>	<u><u>2,146,155</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

G L David
 Director

Date:

7 August 2018

LUSCOMBE DRINKS LIMITED
REGISTERED NUMBER: 02200398

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

The notes on pages 3 to 10 form part of these financial statements.

LUSCOMBE DRINKS LIMITED

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

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The following principal accounting policies have been applied consistently throughout the year:

1.2 Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Turnover is recognised on delivery of goods to the customer.

1.3 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Intellectual property	- 10% straight line
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1.4 Tangible assets

Tangible assets under the cost model 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Property improvements	- 10% straight line
Plant and machinery	- 15% - 25% reducing balance
Motor vehicles	- 25% reducing balance

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 Income and Retained Earnings.

LUSCOMBE DRINKS LIMITED

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

1. Accounting policies (continued)

1.5 Stocks

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

At each Balance Sheet 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 profit or loss.

1.6 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.

1.7 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.

1.8 Financial instruments

The Company only enters into basic financial instruments 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 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 Income and Retained Earnings.

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.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

LUSCOMBE DRINKS LIMITED

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

1. Accounting policies (continued)

1.9 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.

1.10 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 Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

1.11 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.12 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.

1.13 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 income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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

1. Accounting policies (continued)

1.14 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

1.15 Borrowing Costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the period in which they are incurred.

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained earnings, 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 Balance Sheet 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 Balance Sheet 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 Balance Sheet date.

LUSCOMBE DRINKS LIMITED

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

2. Intangible assets

	Intellectual property £
Cost	
At 1 January 2017	150,000
At 31 December 2017	150,000
Accumulated amortisation	
At 1 January 2017	108,750
Charge for the year	15,000
At 31 December 2017	123,750
Net book value	
At 31 December 2017	26,250
At 31 December 2016	41,250

LUSCOMBE DRINKS LIMITED

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

3. Tangible assets

	Property improvements £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 January 2017	711,183	2,009,225	96,602	-	2,817,010
Additions	29,518	49,772	-	21,010	100,300
Disposals	-	(8,000)	(18,899)	-	(26,899)
At 31 December 2017	<u>740,701</u>	<u>2,050,997</u>	<u>77,703</u>	<u>21,010</u>	<u>2,890,411</u>
Accumulated depreciation					
At 1 January 2017	512,020	1,483,190	67,756	-	2,062,966
Charge for the year	40,427	119,415	5,394	2,274	167,510
Disposals	-	(7,046)	(9,790)	-	(16,836)
At 31 December 2017	<u>552,447</u>	<u>1,595,559</u>	<u>63,360</u>	<u>2,274</u>	<u>2,213,640</u>
Net book value					
At 31 December 2017	<u>188,254</u>	<u>455,438</u>	<u>14,343</u>	<u>18,736</u>	<u>676,771</u>
At 31 December 2016	<u>199,163</u>	<u>526,035</u>	<u>28,846</u>	<u>-</u>	<u>754,044</u>

Leased assets

Included within the net book value of tangible assets is £19,915 (2016: £25,640) in respect of assets held under hire purchase agreements. Depreciation for the year on these assets was £5,725 (2016: £9,521).

4. Stocks

	2017 £	2016 £
Raw materials and consumables	888,097	821,932
Finished goods and goods for resale	393,604	594,090
	<u>1,281,701</u>	<u>1,416,022</u>

LUSCOMBE DRINKS LIMITED

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

5. Debtors

	2017 £	2016 £
Trade debtors	511,611	693,202
Amounts owed by related companies	45,761	-
Other debtors	132,955	31,523
Prepayments and accrued income	125,292	58,960
	<u>815,619</u>	<u>783,685</u>

6. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	571,145	480,677
Corporation tax	-	41,042
Other taxation and social security	113,716	58,392
Obligations under hire purchase agreements	88,914	75,924
Other creditors	142,485	214,087
Accruals and deferred income	234,791	183,020
	<u>1,151,051</u>	<u>1,053,142</u>

Obligations under hire purchase agreements are secured against the assets to which they relate.

Included within other creditors is directors' current account of £89,492 (2016: £197,315).

7. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Net obligations under finance leases and hire purchase agreements	<u>129,011</u>	<u>223,500</u>

Obligations under hire purchase agreements are secured against the assets to which they relate.

LUSCOMBE DRINKS LIMITED

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

8. Deferred taxation

	2017 £
At beginning of year	72,816
Credited to profit or loss	(42,878)
At end of year	<u>29,938</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Fixed asset timing differences	70,208	73,075
Short term timing differences - trading	(353)	(259)
Losses	<u>(39,917)</u>	-
	<u>29,938</u>	<u>72,816</u>

9. Auditors' information

In accordance with section 444(5A) and section 444(5B) of the Companies Act 2006:

- the independent auditors' report for Luscombe Drinks Limited was unqualified;
- there were no matters to which the auditors drew attention by way of emphasis; and
- the auditors of the company is PricewaterhouseCoopers LLP and the auditors' report was signed by
Stephen Patey, the Senior Statutory Auditors.