

COMPANY REGISTRATION NUMBER: 02372728

RICK BESTWICK LIMITED
AMENDED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 DECEMBER 2018

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RICK BESTWICK LIMITED
AMENDED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

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RICK BESTWICK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

S Hancock (resigned August 2019)
C Taylor (resigned August 2019)
A C Lawrence
S A Lawrence (appointed August 2019)

Registered office

Magnavale House
Park Road
Holmewood Industrial Park
Holmewood
Chesterfield
Derbyshire
S42 5UY

Auditor

Streets Audit LLP
Chartered accountants & statutory auditor
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

RICK BESTWICK LIMITED

STRATEGIC REPORT

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

Amendments to the Financial Statements

The group's management board was replaced in August 2019. Following a review of the original 2018 financial statements the incoming board saw fit to voluntarily amend those financial statements, which the board believes contained material inaccuracies.

Business Review

Trading as Rick Bestwick with facilities in Chesterfield, Scunthorpe, Liverpool and Warrington, the Magnavale Group continues to provide frozen, chilled and ambient storage and distribution solutions to its customers although this period has also seen significant growth in its value-added services. Developing from its initial strategic re-investment in state of the art microwave technology back in 2016, this year has seen further investment in blast freezing technology with the group increasing its fleet by more than 100% making it the largest provider of rapid freezing solutions in the UK as well as making investment in weighing and packing solutions giving increased vertical integration and greater diversity of services to its customers.

Additionally, 2018 has seen a large increase in exports delivered for some of our key customers, in particular to China on the back of the license which was awarded to our Chesterfield facility towards the end of 2017. This is another key area of growth for the group and with a number of applications currently in progress across all of our sites we see this as another important revenue stream for the future which will add further diversity of service offerings to our customers. At the time of writing on 21st June 2019, we are pleased to announce that China approval for our Scunthorpe facility for all beef and pork products has also now been granted so we look forward to working with our customers and developing this area for our Lincolnshire region. This consolidates the group's strategic vision to be aligned to protein groups and with the de-regulation of beef exports to China, as the ban is lifted after 25 years, there is a clear opportunity to add value for our customers and for the Magnavale Group.

As a result of the above and consolidating on its strong 2017 performance, the group delivered a 22% increase in top line growth in 2018 and an 86% increase in EBITDA on continuing operations against prior year, a reported result of £5.206M EBITDA which exceeded expectations and firmly laid the foundations for the group's continuing success and growth in 2019 and beyond.

Rick Bestwick Limited operates out of the Group's facility in Chesterfield and in 2018, has led the business in terms of microwave up-tempering, blast freezing and export. Contributing £2.315M EBITDA to the overall group total and a top line growth of 22%, the company has contributed significantly to the overall success of the group in this financial year. The fast track delivery of product to China from January 2018 provided a clear springboard for Rick Bestwick Limited.

The Board and Shareholders would therefore like to place on record their thanks to all employees within the business that enabled the delivery of this result.

The year ended 2018 has seen group wide growth in value-added activity and this is planned to develop further over the course of 2019 and beyond further enhancing the strategic position that the company plays in the overall strategy of the Magnavale Group which provides an optimistic expectation of trading for the next financial year.

We consider our key financial performance indicators to be those that communicate the financial performance and strength of the group as a whole, in particular turnover, gross margin, reported operating margin and debt service. The group continues to operate comfortably within all of its banking covenants.

RICK BESTWICK LIMITED

STRATEGIC REPORT *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

Principal Risks and Uncertainties

The board is responsible for the companies risk management and for ensuring that robust processes are in place to identify, manage and report risks that threaten the objectives of the company. These include Financial, Operational and Regulatory compliance risks. The principal features of the Company's risk management are:

A strong control environment, which is founded on an appropriate organisational structure for planning, executing, controlling and monitoring business operations. It included clearly defined responsibilities and accountabilities.

Control Procedures

These include budgetary systems and management controls to manage financial risks; timely and accurate management information in respect of key performance measures; and procedures to ensure complete and accurate accounting, which are regularly reviewed by the board.

Customer

The risk of contract cancellation and customer confidence is managed by providing a high quality service and to customer requirements.

Staff

The operations of the company depend upon the continuing employment of key staff and the ability to recruit and retain people with the expertise and experience required. To achieve this the company provides what it believes to be competitive remuneration commensurate with the industry and is increasing its commitment to employee development and well-being.

Credit Risk

The group seeks to manage its credit risk by dealing with established customers or otherwise checking the credit worthy-ness of new customers, establishing clear contractual relationships with those customers and identifying and addressing any credit issues arising in a timely manner.

Interest Rate Risk

The group's exposure to market risk for the changes in interest rates relates primarily to its bank and finance lease borrowings. The group seeks to manage this risk by the use of a combination of variable and fixed rates.

As for many businesses of our size, the business environment in which we operate continues to be challenging with good levels of competition in the marketplace. The strength of our offering is in our ability to meet the needs of our customers and alongside this, the continued increase in our customer base and service offerings forms an effective means of managing economic risk in the current environment.

Our key financial risk is the ability to continue to generate and access sufficient funds to pay down debt, satisfy our ongoing business requirements and continue to grow.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. However, in terms of what we can foresee at present and the knowledge we have already for 2019, we remain very confident in the prospects of the business going forward and the results for 2019 are extremely positive.

RICK BESTWICK LIMITED

STRATEGIC REPORT *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

This report was approved by the board of directors on 16/06/2020 and signed on behalf of the board by:



A C Lawrence
Director

Registered office:
Magnavale House
Park Road
Holmewood Industrial Park
Holmewood
Chesterfield
Derbyshire
S42 5UY

RICK BESTWICK LIMITED

DIRECTORS' REPORT

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

The directors present their report and the amended financial statements of the company for the period ended 30 December 2018.

Directors

The directors who served the company during the period were as follows:

S Hancock (resigned August 2019)
C Taylor (resigned August 2019)
A C Lawrence
S A Lawrence (appointed August 2019)

Dividends

Particulars of recommended dividends are detailed in note 12 to the amended financial statements.

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the amended financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare amended financial statements for each financial period. Under that law the directors have elected to prepare the amended 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 amended financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these amended financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the amended 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 amended 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.

RICK BESTWICK LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 16/06/2020 and signed on behalf of the board by:



A C Lawrence
Director

Registered office:
Magnavale House
Park Road
Holmewood Industrial Park
Holmewood
Chesterfield
Derbyshire
S42 5UY

RICK BESTWICK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICK BESTWICK LIMITED

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

Opinion

We have audited the revised financial statements of Rick Bestwick Limited (the 'company') for the period ended 30 December 2018 which comprise the statement of income and retained earnings, statement of financial position and the notes to the revised financial statements, which include a description of the significant accounting policies. These amended financial statements replace the original financial statements approved by the directors on 16 July 2019. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). The amended financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the original financial statements were approved.

In our opinion, the financial statements:

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 30 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

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 amended 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 amended 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 ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the revised financial statements is not appropriate; or
- the directors have not disclosed in the revised 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 original financial statements are authorised for issue.

RICK BESTWICK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICK BESTWICK LIMITED *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

Emphasis of matter

We draw attention to note 3 to these amended financial statements which describes the need for revision of the original financial statements due to material errors and omissions. The original financial statements were approved on 16 July 2019 and our previous audit report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous auditor's report to the date of this report. Our opinion is not modified in this respect.

Other information

The other information comprises the information included in the annual report, other than the amended financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the amended 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 amended financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the amended 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 amended 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, the original financial statements for the period ended 30 December 2018 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in note 3 to the revised financial statements.

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

- the information given in the revised strategic report and directors' report for the financial period for which the revised financial statements are prepared is consistent with the revised financial statements; and
- the revised strategic report and directors' report have been prepared in accordance with applicable legal requirements.
- the original financial statements for the period ended 30 December 2018 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in note 3 to the financial statements.

RICK BESTWICK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICK BESTWICK LIMITED *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the amended financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the amended 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 amended financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the amended 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 amended financial statements

Our objectives are to obtain reasonable assurance about whether the amended 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 amended financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the amended financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

RICK BESTWICK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICK BESTWICK LIMITED (continued)

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the amended financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the amended financial statements, including the disclosures, and whether the amended financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors. The audit of amended financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. 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.



CHRISTOPHER HUBBARD (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountants & statutory auditor
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

24 JUNE 2020

RICK BESTWICK LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

		Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 (restated)
	Note	£	£
TURNOVER	4	11,577,032	9,720,100
Cost of sales		<u>6,687,166</u>	<u>5,164,714</u>
GROSS PROFIT		4,889,866	4,555,386
Administrative expenses		<u>4,286,751</u>	<u>4,425,091</u>
Other operating income		<u>144,958</u>	<u>864,379</u>
OPERATING PROFIT	5	748,073	994,674
Provision for write off of inter group balances		<u>(1,076,609)</u>	<u>—</u>
Other interest receivable and similar income	9	<u>—</u>	<u>54,370</u>
Interest payable and similar expenses	10	<u>324,355</u>	<u>341,439</u>
(LOSS)/PROFIT BEFORE TAXATION		(652,891)	707,605
Tax on (loss)/profit	11	<u>64,803</u>	<u>105,834</u>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD AND TOTAL COMPREHENSIVE INCOME		<u>(717,694)</u>	<u>601,771</u>
Dividends paid and payable	12	<u>(4,350,000)</u>	<u>—</u>
RETAINED EARNINGS AT THE START OF THE PERIOD		<u>5,549,134</u>	<u>4,947,363</u>
RETAINED EARNINGS AT THE END OF THE PERIOD		<u>481,440</u>	<u>5,549,134</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 23 form part of these amended financial statements.

RICK BESTWICK LIMITED
STATEMENT OF FINANCIAL POSITION
30 DECEMBER 2018

		30 Dec 18		31 Dec 17 (restated)
	Note	£	£	£
FIXED ASSETS				
Tangible assets	13		4,147,645	3,751,253
CURRENT ASSETS				
Stocks	14	78,243		93,041
Debtors	15	6,091,593		9,079,098
Cash at bank and in hand		277,732		520,638
		<u>6,447,568</u>		<u>9,692,777</u>
CREDITORS: amounts falling due within one year	16	<u>8,296,201</u>		<u>5,289,000</u>
NET CURRENT (LIABILITIES)/ASSETS			<u>(1,848,633)</u>	<u>4,403,777</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,299,012</u>	<u>8,155,030</u>
CREDITORS: amounts falling due after more than one year	17		946,910	1,799,951
PROVISIONS				
Taxation including deferred tax	19		<u>270,662</u>	<u>205,945</u>
NET ASSETS			<u>1,081,440</u>	<u>6,149,134</u>
CAPITAL AND RESERVES				
Called up share capital	23		222,222	222,222
Share premium account	24		377,778	377,778
Profit and loss account	24		<u>481,440</u>	<u>5,549,134</u>
SHAREHOLDERS FUNDS			<u>1,081,440</u>	<u>6,149,134</u>

These amended financial statements were approved by the board of directors and authorised for issue on 16/06/2020, and are signed on behalf of the board by:



A C Lawrence
Director

Company registration number: 02372728

The notes on pages 13 to 23 form part of these amended financial statements.

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Magnavale House, Park Road, Holmewood Industrial Park, Holmewood, Chesterfield, S42 5UY, Derbyshire.

2. Statement of compliance

These amended financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis and are prepared in sterling, which is the functional currency of the entity.

Amended Accounts

The directors have voluntarily elected to revise the financial statements for the period ended 30 December 2018, in accordance with section 454 of Companies Act 2006, due to material errors and omissions that were identified subsequent to the approval of the original financial statements in July 2019.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Magnavale Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within financial year include:

Tangible fixed assets are recognised at cost, less accumulated depreciation and any impairments. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the company's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

The recoverability of trade debtors and associated provisioning is considered on a regular basis. When calculating the debtor provision, the directors consider the age of the debts and the financial position of its customers.

Revenue recognition

The turnover shown in the profit and loss account represents the value of services rendered during the year, exclusive of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 10-20% straght line
Cold Stores	- 2% stright line
Motor Vehicles	- 20-33% straight line
Equipment	- 20% straight line

Stocks

Consumables and spare parts stock is valued at cost, on a first in first out basis, after making due allowance for obsolete and slow moving items. Cost is based on purchase price.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

3. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 <i>(restated)</i>
	£	£
Rendering of services	<u>11,577,032</u>	<u>9,720,100</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 <i>(restated)</i>
	£	£
Depreciation of tangible assets	641,621	550,744
Impairment of trade debtors	<u>124,714</u>	<u>92,806</u>

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

6. Auditor's remuneration

	Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 <i>(restated)</i>
	£	£
Fees payable for the audit of the amended financial statements	<u>15,000</u>	<u>10,000</u>

7. Staff costs

The average number of persons employed by the company during the period, including the directors, amounted to:

	30 Dec 18 No.	31 Dec 17 No.
Production staff	81	73
Administrative staff	<u>3</u>	<u>3</u>
	<u>84</u>	<u>76</u>

The aggregate payroll costs incurred during the period, relating to the above, were:

	Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 <i>(restated)</i>
	£	£
Wages and salaries	4,050,704	3,656,835
Social security costs	181,507	182,530
Other pension costs	<u>30,789</u>	<u>17,351</u>
	<u>4,263,000</u>	<u>3,856,716</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 <i>(restated)</i>
	£	£
Remuneration	55,328	50,086
Company contributions to defined contribution pension plans	<u>890</u>	<u>450</u>
	<u>56,218</u>	<u>50,536</u>

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

9. Other interest receivable and similar income

	Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 <i>(restated)</i>
	£	£
Interest from group undertakings	—	54,370

10. Interest payable and similar expenses

	Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 <i>(restated)</i>
	£	£
Interest on debenture loans	59,841	84,896
Interest on banks loans and overdrafts	121,596	96,256
Interest on obligations under finance leases and hire purchase contracts	142,918	160,287
	<u>324,355</u>	<u>341,439</u>

11. Tax on (loss)/profit

Major components of tax expense

	Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 <i>(restated)</i>
	£	£
Current tax:		
Adjustments in respect of prior periods	86	—
Deferred tax:		
Origination and reversal of timing differences	64,717	105,834
Tax on (loss)/profit	<u>64,803</u>	<u>105,834</u>

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

11. Tax on (loss)/profit *(continued)*

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the period is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19%).

	Period from 1 Jan 18 to 30 Dec 18	Period from 2 Jan 17 to 31 Dec 17 <i>(restated)</i>
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(652,891)</u>	<u>707,605</u>
(Loss)/profit on ordinary activities by rate of tax	80,506	134,445
Adjustment to tax charge in respect of prior periods	86	—
Effect of expenses not deductible for tax purposes	(23,612)	(18,371)
Effect of different UK tax rates on some earnings	(60,639)	(31,983)
Utilisation of tax losses	3,745	(84,091)
Deferred tax	<u>64,717</u>	<u>105,834</u>
Tax on (loss)/profit	<u>64,803</u>	<u>105,834</u>

12. Dividends

	30 Dec 18	31 Dec 17 <i>(restated)</i>
	£	£
Dividends paid during the period (excluding those for which a liability existed at the end of the prior period)	<u>4,350,000</u>	<u>—</u>

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

13. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 January 2018 (as restated)	5,606,219	189,260	55,250	627,507	6,478,236
Additions	880,444	–	–	157,569	1,038,013
Disposals	–	–	(55,250)	–	(55,250)
At 30 December 2018	6,486,663	189,260	–	785,076	7,460,999
Depreciation					
At 1 January 2018	2,100,683	61,295	55,250	509,755	2,726,983
Charge for the period	569,262	18,926	–	53,433	641,621
Disposals	–	–	(55,250)	–	(55,250)
At 30 December 2018	2,669,945	80,221	–	563,188	3,313,354
Carrying amount					
At 30 December 2018	3,816,718	109,039	–	221,888	4,147,645
At 31 December 2017	3,505,536	127,965	–	117,752	3,751,253

14. Stocks

	30 Dec 18	31 Dec 17 <i>(restated)</i>
	£	£
Raw materials and consumables	78,243	93,041

15. Debtors

	30 Dec 18	31 Dec 17 <i>(restated)</i>
	£	£
Trade debtors	3,558,674	2,825,184
Amounts owed by group undertakings	1,783,839	5,426,714
Prepayments and accrued income	728,246	637,988
Other debtors	20,834	189,212
	6,091,593	9,079,098

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

16. Creditors: amounts falling due within one year

	30 Dec 18	31 Dec 17 <i>(restated)</i>
	£	£
Debenture loans	2,839,523	2,123,128
Bank loans and overdrafts	219,427	240,000
Trade creditors	1,192,289	1,191,040
Amounts owed to group undertakings	2,050,917	419,935
Amounts owed to undertakings in which the company has a participating interest	395,746	52,630
Accruals and deferred income	736,314	413,651
Corporation tax	20,834	20,834
Social security and other taxes	225,539	225,152
Obligations under finance leases and hire purchase contracts	580,624	492,066
Other creditors	34,988	110,564
	<u>8,296,201</u>	<u>5,289,000</u>

Bank and other finance facilities are secured against assets within the group.

The hire purchase agreements are secured on the assets to which they relate.

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

	30 Dec 18	31 Dec 17 <i>(restated)</i>
	£	£
Bank loans and overdrafts	480,573	683,907
Obligations under finance leases and hire purchase contracts	466,337	1,116,044
	<u>946,910</u>	<u>1,799,951</u>

Bank and other finance facilities are secured against assets within the group.

The hire purchase agreements are secured on the assets to which they relate.

18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	30 Dec 18	31 Dec 17 <i>(restated)</i>
	£	£
Not later than 1 year	580,624	492,066
Later than 1 year and not later than 5 years	466,337	1,116,044
	<u>1,046,961</u>	<u>1,608,110</u>

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

19. Provisions

	Deferred tax (note 20) £
At 1 January 2018 (as restated)	205,945
Additions	<u>64,717</u>
At 30 December 2018	<u>270,662</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	30 Dec 18	31 Dec 17 (restated)
	£	£
Included in provisions (note 19)	<u>270,662</u>	<u>205,945</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	30 Dec 18	31 Dec 17 (restated)
	£	£
Accelerated capital allowances	<u>270,662</u>	<u>205,945</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £29,899 (2017: £16,901).

22. Government grants

The amounts recognised in the amended financial statements for government grants are as follows:

	30 Dec 18	31 Dec 17 (restated)
	£	£
Recognised in other operating income:		
Government grants released to profit or loss	<u>—</u>	<u>445,569</u>

23. Called up share capital

Issued, called up and fully paid

	30 Dec 18		31 Dec 17 (restated)	
	No.	£	No.	£
Ordinary shares of £1 each	<u>222,222</u>	<u>222,222.00</u>	<u>222,222</u>	<u>222,222.00</u>

RICK BESTWICK LIMITED

NOTES TO THE AMENDED FINANCIAL STATEMENTS *(continued)*

PERIOD FROM 1 JANUARY 2018 TO 30 DECEMBER 2018

24. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	30 Dec 18	31 Dec 17
		<i>(restated)</i>
	£	£
Not later than 1 year	1,304,338	1,423,869
Later than 1 year and not later than 5 years	5,217,352	5,287,000
Later than 5 years	1,648,502	2,986,533
	<u>8,170,192</u>	<u>9,697,402</u>

26. Related party transactions

The company is a 100% subsidiary of Magnavale Ltd, a company incorporated in England & Wales.

Disclosure of transactions with companies within the Magnavale group are not disclosed on the basis that the company is wholly owned and group accounts are prepared.

During the period the following transactions with related parties outside of the Magnavale Group of companies took place:

Sales in the period amount to £nil (2017 £156). The balance outstanding at the period end of £nil (2017 £219,163).

Purchases in the period amounted to £2,508,239 (2017 £1,894,772). The balance outstanding at the period end of £395,746 (2017 - £353,303) and is included within creditors falling due within one year.

No further material transactions with related parties were undertaken, such as are required to be disclosed under FRS 102.

27. Controlling party

The parent company is Magnavale Limited, a company incorporated in England & Wales. Group accounts for Magnavale Limited are freely available from Companies House.

The ultimate controlling party is Beta (International) Limited, a company registered in Gibraltar, by virtue of a controlling shareholding in Magnavale Limited.