

Registered number: 02372728

RICK BESTWICK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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RICK BESTWICK LIMITED

COMPANY INFORMATION

Directors	A J Cogan (appointed 1 August 2020) A C Lawrence S A Lawrence (appointed 21 August 2019) S Hancock (resigned 21 August 2019) C Taylor (resigned 15 August 2019)
Company secretary	T Potocki
Registered number	02372728
Registered office	Magnavale House Park Road Holmewood Industrial Park Holmewood, Chesterfield Derbyshire S42 5UY
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 1 Holly Street Sheffield S1 2GT

RICK BESTWICK LIMITED

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RICK BESTWICK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Principal risks and uncertainties

The board is responsible for the company's 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 organizational 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 2020, we remain very confident in the prospects of the business going forward and the results for 2020 are positive.

RICK BESTWICK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

This report was approved by the board on 18 December 2020 and signed on its behalf.



A C Lawrence
Director

RICK BESTWICK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £504,425 (2018: loss £717,694).

A dividend of £Nil was paid in the year (2018: £4,350,000).

Directors

The directors who served during the year were:

A C Lawrence
S A Lawrence (appointed 21 August 2019)
S Hancock (resigned 21 August 2019)
C Taylor (resigned 15 August 2019)

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

RICK BESTWICK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditor

The directors confirm that:

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

Post balance sheet events

In early 2020 COVID-19 began to spread across the country causing business some disruption, most notably in the early stages of the pandemic and including a decline in customer demand following the initial lockdown. In direct response to the pandemic the business has implemented appropriate measures, including a number of cost reduction initiatives, in order to minimise the impact on the results of the Company.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic currently remains unclear and therefore it is not possible to reliably estimate the severity of these consequences, as well as the impact on the financial position and results of the Company for future periods.

Going concern/COVID-19

The group and company use liquid resources and working capital balances that arise directly from its operations. The group and company seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Liquidity is monitored regularly by reference to forecasts and available facilities.

As a result of the COVID-19 outbreak during 2020, the directors have implemented procedures in order to comply with the UK government guidelines, including employees working from home where possible. The group and company have taken a CLBILS loan to help finance the effect of reduced income levels in 2020. While the COVID-19 pandemic has driven a reduction in order intake during the second quarter of 2020, the business has continued to fulfil significant order delivery commitments, confirm and progress negotiations on new orders for delivery in the next 12 months.

Brexit has continued to help the business positively as the group's customers have created a buffer in storage against production disruptions equalling on average 15-20% therefore increasing storage revenues. A few customers have also started storing frozen and up temper when they need as a future plan to avoid potential disruption due to Brexit.

The directors, having prepared cashflow forecasts to December 2021, including sensitivity analysis, expect a reduction in revenue levels in 2020 and 2021, although the forecast outlook underpins the directors' expectation that the business will continue to operate as a going concern for the foreseeable future. The directors do however recognise that the current events in relation to COVID-19 are unprecedented and there may be a long term impact on business, society and the economy. Any resulting reduction in income levels may result in the need for further financing requirements that the company will seek from the parent or existing lenders. The group and company have obtained additional finance in 2020/21 and has obtained support from its parent company in the event that additional funding is required in order for the group to meet its obligations as they fall due. The directors therefore believe that there are no material uncertainties that may cast significant doubt on the group's or company's ability to continue as a going concern.

RICK BESTWICK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Auditor

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

This report was approved by the board on 18 December 2020 and signed on its behalf.



A C Lawrence
Director



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

Opinion

We have audited the financial statements of Rick Bestwick Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of income and retained earnings, the Statement of financial position 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



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

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as COVID-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

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

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

We have nothing to report in this regard.



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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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.

Grant Thornton UK LLP

Peter Edwards BA FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Senior Statutory Auditor, Chartered Accountants
Sheffield

Date: 18/12/20

RICK BESTWICK LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	(restated) 2018 £
Turnover	4	12,806,201	11,577,032
Cost of sales		(7,168,128)	(6,700,687)
Gross profit		5,638,073	4,876,345
Administrative expenses		(5,134,144)	(5,409,680)
Other operating income	5	175,944	144,958
Operating profit/(loss)		679,873	(388,377)
Interest payable and expenses	10	(134,908)	(264,514)
Profit/(loss) before tax		544,965	(652,891)
Tax on profit/(loss)	11	(40,540)	(64,803)
Profit/(loss) after tax		504,425	(717,694)
Retained earnings at the beginning of the year		481,440	5,549,134
Profit/(loss) for the year		504,425	(717,694)
Dividends declared and paid		-	(4,350,000)
Retained earnings at the end of the year		985,865	481,440

The notes on pages 12 to 29 form part of these financial statements.

RICK BESTWICK LIMITED
REGISTERED NUMBER:02372728

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	(restated) 2018 £
Fixed assets			
Tangible assets	13	4,042,533	4,147,645
Current assets			
Stocks	14	85,697	78,243
Debtors: amounts falling due within one year	15	4,896,151	7,658,069
Cash at bank and in hand	16	480,965	277,732
		<u>5,462,813</u>	<u>8,014,044</u>
Creditors: amounts falling due within one year	17	(7,116,109)	(9,862,677)
Net current liabilities		<u>(1,653,296)</u>	<u>(1,848,633)</u>
Total assets less current liabilities		<u>2,389,237</u>	<u>2,299,012</u>
Creditors: amounts falling due after more than one year	18	(619,859)	(946,910)
Provisions for liabilities			
Deferred tax	22	(183,513)	(270,662)
		<u>(183,513)</u>	<u>(270,662)</u>
Net assets		<u>1,585,865</u>	<u>1,081,440</u>
Capital and reserves			
Called up share capital	23	600,000	600,000
Profit and loss account	24	985,865	481,440
		<u>1,585,865</u>	<u>1,081,440</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2020.



A C Lawrence
 Director

The notes on pages 12 to 29 form part of these financial statements.

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

The Company is incorporated in the United Kingdom.

2. Accounting policies**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

2.2 Going concern

The group and company use liquid resources and working capital balances that arise directly from its operations. The group and company seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Liquidity is monitored regularly by reference to forecasts and available facilities.

As a result of the COVID-19 outbreak during 2020, the directors have implemented procedures in order to comply with the UK government guidelines, including employees working from home where possible. The group and company have taken a CLBILS loan to help finance the effect of reduced income levels in 2020. While the COVID-19 pandemic has driven a reduction in order intake during the second quarter of 2020, the business has continued to fulfil significant order delivery commitments, confirm and progress negotiations on new orders for delivery in the next 12 months.

Brexit has continued to help the business positively as the group's customers have created a buffer in storage against production disruptions equalling on average 15-20% therefore increasing storage revenues. Few customers have also started storing frozen and up temper when they need as a future plan to avoid potential disruption due to Brexit.

The directors, having prepared cashflow forecasts to December 2021, including sensitivity analysis, expect a reduction in revenue levels in 2020 and 2021, although the forecast outlook underpins the directors' expectation that the business will continue to operate as a going concern for the foreseeable future. The directors do however recognise that the current events in relation to COVID-19 are unprecedented and there may be a long term impact on business, society and the economy. Any resulting reduction in income levels may result in the need for further financing requirements that the company will seek from the parent or existing lenders. The group and company have obtained additional finance in 2020/21 and has obtained support from its parent company in the event that additional funding is required in order for the group to meet its obligations as they fall due. The directors therefore believe that there are no material uncertainties that may cast significant doubt on the group's or company's ability to continue as a going concern.

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.3 Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Magnavale Limited as at 31/12/19 and these financial statements may be obtained from Companies House.

2.4 Revenue

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Finance costs

Finance costs are charged to profit or loss 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.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.7 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

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

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

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

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

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

2.9 Tangible fixed assets

Tangible fixed 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.

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.9 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 10-20%
Motor vehicles	- 20-33%
Fixtures and fittings	- 10%
Equipment	- 20%

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 profit or loss.

2.10 Stocks

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

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

2.11 Debtors

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

2.12 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.

2.13 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.

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.14 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of income and retained earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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.

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

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)
2.15 Financial instruments (continued)

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.16 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.

3. Judgments in applying accounting policies 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 the historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these assumptions if other conditions in the market prevail. The estimates and assumptions that may have a significant effect on the carrying value of assets and liabilities within the 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 associated 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.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Rendering of services	<u>12,806,201</u>	<u>11,577,032</u>

All turnover arose within the United Kingdom.

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Other operating income

	2019 £	2018 £
Other operating income	<u>175,944</u>	<u>144,958</u>

6. Operating profit/(loss)

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

	2019 £	2018 £
Depreciation of tangible assets	707,676	641,621
Impairment of trade debtors	389,357	124,714
Depreciation of finance leases	<u>6,710</u>	<u>6,710</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>13,000</u>	<u>15,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Employees

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

	2019 £	2018 £
Wages and salaries	4,359,863	4,050,704
Social security costs	169,513	181,507
Cost of defined contribution scheme	56,016	30,789
	<u>4,585,392</u>	<u>4,263,000</u>

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

	2019 No.	2018 No.
Production staff	82	81
Administrative staff	3	3
	<u>85</u>	<u>84</u>

9. Directors' remuneration

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

	2019 £
Directors' emoluments	<u>67,073</u>

10. Interest payable and similar expenses

	2019 £	(restated) 2018 £
Finance leases and hire purchase contracts	20,428	142,918
Interest on bank loans and overdrafts	114,480	121,596
	<u>134,908</u>	<u>264,514</u>

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Taxation

	2019	2018
	£	£
Corporation tax		
Adjustments in respect of previous periods	-	86
Group taxation relief	127,689	-
Total current tax	<u>127,689</u>	<u>86</u>
Deferred tax		
Origination and reversal of timing differences	1,032	64,717
Adjustments in respect of prior periods	(66,712)	-
Effect of tax rate change on opening balance	(21,469)	-
Total deferred tax	<u>(87,149)</u>	<u>64,717</u>
Taxation on profit on ordinary activities	<u><u>40,540</u></u>	<u><u>64,803</u></u>

RICK BESTWICK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: *lower than*) the standard rate of corporation tax in the UK of 19% (2018: 19 %). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	544,965	(652,891)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	103,543	80,506
Effects of:		
Adjustment to tax charge in respect of prior periods	-	86
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	42,298	(23,612)
Effect of different UK tax rates on some earnings	-	(60,639)
Utilisation of tax losses	-	3,745
Deferred tax	-	64,717
Fixed asset differences	11,492	-
Group relief claimed	(127,689)	-
Payment of group relief	127,689	-
Adjustments to tax charge in respect of previous periods - deferred tax	(66,712)	-
Adjust closing deferred tax to average rate of 19%	(21,590)	-
Deferred tax not recognised	(28,491)	-
Total tax charge for the year	40,540	64,803

12. Dividends

	2019 £	2018 £
Dividends paid during the period (excluding those for which a liability existed at the end of the prior period)	-	4,350,000

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 January 2019	6,486,663	189,260	785,076	7,460,999
Additions	530,850	-	91,668	622,518
Disposals	(26,183)	-	(10,958)	(37,141)
At 31 December 2019	<u>6,991,330</u>	<u>189,260</u>	<u>865,786</u>	<u>8,046,376</u>
Depreciation				
At 1 January 2019	2,669,945	80,221	563,188	3,313,354
Charge for the year	625,331	18,925	63,420	707,676
Disposals	(12,358)	-	(4,829)	(17,187)
At 31 December 2019	<u>3,282,918</u>	<u>99,146</u>	<u>621,779</u>	<u>4,003,843</u>
Net book value				
At 31 December 2019	<u>3,708,412</u>	<u>90,114</u>	<u>244,007</u>	<u>4,042,533</u>
At 31 December 2018	<u>3,816,718</u>	<u>109,039</u>	<u>221,888</u>	<u>4,147,645</u>

14. Stocks

	2019 £	2018 £
Raw materials and consumables	<u>85,697</u>	<u>78,243</u>

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Debtors

	2019 £	(restated) 2018 £
Trade debtors	3,265,164	3,393,199
Amounts owed by group undertakings	995,693	3,515,790
Other debtors	101,130	20,834
Prepayments and accrued income	534,164	728,246
	<u>4,896,151</u>	<u>7,658,069</u>

A provision of £389,357 (2018: £229,170) was recognised against trade debtors.

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	480,965	277,732
Bank loans and overdrafts	(227,298)	(219,427)
	<u>253,667</u>	<u>58,305</u>

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Creditors: Amounts falling due within one year

	2019 £	(restated) 2018 £
Invoice discounting	2,798,071	2,839,523
Bank overdrafts	227,298	219,427
Trade creditors	1,367,763	1,192,289
Amounts owed to group undertakings	865,705	3,617,396
Amounts owed to joint ventures	452,219	395,746
Corporation tax	148,523	20,834
Other taxation and social security	113,399	225,539
Obligations under finance lease and hire purchase contracts	312,971	580,624
Other creditors	36,776	34,986
Accruals and deferred income	793,384	736,313
	<u>7,116,109</u>	<u>9,862,677</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. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	247,471	480,573
Net obligations under finance leases and hire purchase contracts	372,388	466,337
	<u>619,859</u>	<u>946,910</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.

RICK BESTWICK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Invoice discounting	2,798,071	2,839,523
Amounts falling due 1-2 years		
Bank loans	247,471	480,573
	<u>3,045,542</u>	<u>3,320,096</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	312,971	580,624
Between 1-5 years	372,388	466,337
	<u>685,359</u>	<u>1,046,961</u>

21. Financial instruments

	2019 £	(restated) 2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>4,842,952</u>	<u>7,207,555</u>
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	<u>(3,180,515)</u>	<u>(6,287,378)</u>

Financial assets measured at fair value through profit or loss comprise trade debtors, amounts owed by group undertakings, other debtors and cash at bank and in hand.

Financial liabilities measured at fair value through profit or loss comprise trade creditors, amounts owed to group undertakings, amounts owed to joint ventures, other creditors, obligations under finance lease and hire purchase contracts.

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

22. Deferred taxation

	2019 £
At beginning of year	(270,662)
Charged to profit or loss	87,149
At end of year	<u>(183,513)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(183,989)	(270,662)
Short term timing differences	476	-
	<u>(183,513)</u>	<u>(270,662)</u>

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
222,222 (2018: 222,222) Ordinary shares of £1.00 each	222,222	222,222
377,778 (2018: 377,778) Preference shares of £1.00 each	377,778	377,778
	<u>600,000</u>	<u>600,000</u>

The preference shares rank as equity and have equal voting rights in the Company.

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. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £56,016 (2018: £30,789). Contributions totalling £7,474 (2018: £6,817) were payable to the fund at the reporting date and are included in creditors.

26. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	1,399,000	1,304,338
Later than 1 year and not later than 5 years	6,728,000	5,217,352
Later than 5 years	458,000	1,648,502
	<u>8,585,000</u>	<u>8,170,192</u>

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

27. Prior year adjustment

Statement of Income and Retained Earnings (extract)

	31 December 2018 £	(Increase)/ Decrease £	Restated 31 December 2018 £
Cost of sales	(6,687,166)	(13,521)	(6,700,687)
Gross profit	4,889,866	(13,521)	4,876,345
Administrative expenses	(4,286,751)	(1,122,929)	5,409,680
Interest payable and expenses	(325,355)	59,841	(264,514)
Provision for inter group balances	(1,076,609)	1,076,609	-

Statement of Financial Position (extract)

	2018 £	Increase / (Decrease) £	Restated 2018 £
Debtors: amounts falling due within one year	6,091,593	1,566,476	7,658,069
Creditors: amounts falling due within one year	(8,296,201)	(1,566,476)	(9,862,677)

In reviewing the comparative figures for 2018, the Company reallocated items in order to better reflect a true comparison with the 2019 financial information. There was no overall change in the profits reported for 2018 as a result of this reallocation.

RICK BESTWICK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

28. 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 to a joint venture company, Urban Logistics Hub Limited amounted to £139 (2018: £Nil). The balance outstanding at the period end of £139 (2018: £Nil).

Purchases in the period amounted to £3,800,009 (2018: £2,508,239). The balance outstanding at the period end of £452,219 (2018: £395,746) and is included within creditors falling due within one year. An amount of £331,120 was owed to Holmewood LLP, and £121,099 owed to Rick Bestwick Holmewood LLP.

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

29. Post balance sheet events

In early 2020 COVID-19 began to spread across the country causing business some disruption, most notably in the early stages of the pandemic and including a decline in customer demand following the initial lockdown. In direct response to the pandemic the business has implemented appropriate measures, including a number of cost reduction initiatives, in order to minimise the impact on the results of the Company.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic currently remains unclear and therefore it is not possible to reliably estimate the severity of these consequences, as well as the impact on the financial position and results of the Company for future periods.

30. 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.