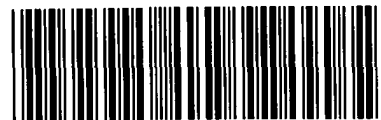


COMPANY REGISTRATION NUMBER: 02513251

William Lamb Group Limited
Financial statements
31 December 2018

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William Lamb Group Limited

Financial statements

year ended 31 December 2018

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William Lamb Group Limited

Officers and professional advisers

The board of directors

SH Lamb
AN Cook
C Hargreaves
J Watson
CJ Wheeler

Company secretary

J Watson

Registered office

Bottom Boat Road
Stanley
Wakefield
WF3 4AY

Auditor

Sagars Accountants Ltd
Chartered accountants & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

William Lamb Group Limited

Strategic report

year ended 31 December 2018

Principal activities

The principal business activity is the design and supply of footwear on a made to order basis.

Business model

The business's main market segment is children's footwear including character licensing. The Company has established long standing agreements with key licensors.

The Company provides a complete service package for its customers using its skilled design team, technical and sourcing expertise and a long heritage of footwear manufacture.

The Company works closely with its customers to develop products, typically 6 to 12 months in advance of the pending season, which are then sourced from its overseas network of suppliers.

Customers operate across all channels; retail, wholesale and online.

Products are also offered on an in-stock basis and the business is expanding its adult footwear offering as well as exploring other growth opportunities.

Business review and results

2018 continued to be a difficult year for retailers as macro-economic events affected customer and consumer confidence. The continued uncertainty around the decision to opt out of the European Union, alongside the growth in online retailing has impacted traditional retail outlets on the high street.

The restructuring at the end of 2017, with further refinements in 2018 resulted in significant savings to overheads and increased profitability. The Company has continued to maintain gross margin and seek out alternative suppliers to meet the needs of the challenging market. This initiative will be ongoing into 2019 in order to ensure consistent delivery of commercial products to the marketplace.

Turnover decreased by 5% to £39,529,848 (2017: £41,553,235), gross profit margin decreased to 18.1% (2017: 18.2%).

Normal operating expenses of £5,747,376 (14.5% of sales) were lower than in the previous period of £6,879,599 (16.6% of sales) and proportionally lower as a percentage of sales.

Finance charges in respect of invoice finance debts of £34,022 (<0.1% of sales) were lower than in the previous period of £54,279 (0.13% of sales) and lower as a percentage of sales.

Profit before taxation was £1,374,591 (2017: £641,988).

Key performance indicators

Management monitors the performance of the operations compared to prior year, budget and latest forecast. KPI's monitored on a weekly basis are:

- Sales volume and value
- Order book intake volume and value
- Product group volume and value
- Sales and order book gross margin
- Delivery and quality performance

KPI's monitored on a monthly basis are as above plus:

- Development style volume, value and success (hit) rate
- Factory loadings
- Profit and cash generation
- Sales forecasts
- Health and safety accident rate
- Staff attendance

William Lamb Group Limited

Strategic report *(continued)*

year ended 31 December 2018

The Company focuses heavily on future prospects with particular emphasis on sales order book and margins.

It is vital to maintain continuity of supply, therefore sufficient supplier capacity is monitored in terms of both volume and mix capabilities.

Principal risks and uncertainties

The most significant risks to the company's profitability are:

- Increased cost of materials
- Reduced demand from the company's main markets
- The lack of credit insurance
- Increased competition for children's licenses
- The growing volume and complexity of customer demands in terms of the ethical and technical requirements of product sourcing.

The board has strategies to manage these risks and remains confident of continued success.

Future developments

Prospects for the Company remain encouraging. The trading of TMC will transfer to WLG in 2019 in order to fully integrate the activities of both businesses. Investment is planned in a sourcing infrastructure initiative. Ongoing business activity will focus on core product categories in which the company has a high level of expertise.

This report was approved by the board of directors on 9 September 2019 and signed on behalf of the board by:



J Watson
Director

Registered office:
Bottom Boat Road
Stanley
Wakefield
WF3 4AY

William Lamb Group Limited

Directors' report

year ended 31 December 2018

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

Directors

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

SH Lamb	
AN Cook	
C Hargreaves	
J Watson	
CJ Wheeler	
DA Ratcliffe	(Resigned 29 March 2018)
PR Ablett	(Resigned 29 June 2018)

Dividends

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

Future prospects

The directors remain confident about the long-term prospects for the company.

Sales, customers service, cost control and margin enhancement remain key objectives.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 22 to the 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 financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make 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.

William Lamb Group Limited

Directors' report *(continued)*

year ended 31 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.

KPMG LLP resigned as auditors on 8 January 2019 and Sagars Accountants Ltd were appointed on the same date.

This report was approved by the board of directors on 9 September 2019 and signed on behalf of the board by:



J Watson
Director

Registered office:
Bottom Boat Road
Stanley
Wakefield
WF3 4AY

William Lamb Group Limited

Independent auditor's report to the members of William Lamb Group Limited

year ended 31 December 2018

Opinion

We have audited the financial statements of William Lamb Group Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

William Lamb Group Limited

Independent auditor's report to the members of William Lamb Group Limited *(continued)*

year ended 31 December 2018

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.

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 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 financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 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.
- 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.

William Lamb Group Limited

Independent auditor's report to the members of William Lamb Group Limited *(continued)*

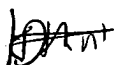
year ended 31 December 2018

- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.



Kevin Hoult BA, FCA (Senior Statutory Auditor)

For and on behalf of
Sagars Accountants Ltd
Chartered accountants & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

9 September 2019

William Lamb Group Limited

Statement of income and retained earnings

year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	39,529,848	41,553,235
Cost of sales		(32,374,016)	(33,977,369)
Gross profit		7,155,832	7,575,866
Distribution costs		(1,127,762)	(1,241,169)
Administrative expenses - normal		(4,619,614)	(5,412,708)
Administrative expenses - non-recurring		—	(225,722)
Operating profit	5	1,408,456	696,267
Other interest receivable and similar income	9	157	—
Interest payable and similar expenses	10	(34,022)	(54,279)
Profit before taxation		1,374,591	641,988
Tax on profit	11	(267,454)	(23,009)
Profit for the financial year and total comprehensive income		1,107,137	618,979
Dividends paid and payable	12	(250,000)	(250,000)
Retained earnings at the start of the year		7,724,336	7,355,357
Retained earnings at the end of the year		8,581,473	7,724,336

All the activities of the company are from continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

William Lamb Group Limited

Statement of financial position

31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	658,547	674,115
Current assets			
Stocks	14	2,134,456	1,961,584
Debtors	15	9,275,248	8,404,113
Cash at bank and in hand		2,628,618	1,691,376
		<u>14,038,322</u>	<u>12,057,073</u>
Creditors: amounts falling due within one year	16	<u>(6,083,394)</u>	<u>(4,975,812)</u>
Net current assets		<u>7,954,928</u>	<u>7,081,261</u>
Total assets less current liabilities		<u>8,613,475</u>	<u>7,755,376</u>
Provisions			
Deferred tax	17	(32,000)	(31,038)
Net assets		<u>8,581,475</u>	<u>7,724,338</u>
Capital and reserves			
Called up share capital	20	2	2
Profit and loss account		8,581,473	7,724,336
Shareholders funds		<u>8,581,475</u>	<u>7,724,338</u>

These financial statements were approved by the board of directors and authorised for issue on 9 September 2019, and are signed on behalf of the board by:



J Watson
Director

Company registration number: 02513251

The notes on pages 11 to 20 form part of these financial statements.

William Lamb Group Limited

Notes to the financial statements

year ended 31 December 2018

1. General information

William Lamb Group Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02513251 and the registered address is Bottom Boat Road, Stanley, Wakefield, WF3 4AY. The principal activity of the company is as disclosed in the strategic report.

2. Statement of compliance

These 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, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The Company had available funds to drawdown from the invoice finance facility against outstanding trade debtors at the year end date. The Company's forecasts and projections, taking into account reasonable sensitivities in trading performance, show that the Company is able to operate within the level of its current available funds. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 William Lamb (Holdings) Limited which can be obtained from Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. 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.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods to customers during the year net of customer discounts.

Turnover can arise on a landed or FoB basis. On a landed basis the Company incurs the cost of freight and duty involved in transporting goods to the UK. On a FoB basis the customer incurs the cost of freight and duty involved in transporting the goods to their chosen location.

William Lamb Group Limited

Notes to the financial statements *(continued)*

year ended 31 December 2018

3. Accounting policies *(continued)*

Taxation

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.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the house exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the house exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

William Lamb Group Limited

Notes to the financial statements *(continued)*

year ended 31 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:

Land and buildings	-	50-100 years straight line
Plant and machinery	-	5-20 years straight line
Fixtures and fittings	-	5-15 years straight line
Motor vehicles	-	4 years straight line
Computer equipment	-	5 years straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Employee benefits

The Company's parent undertaking operates a defined contribution pension scheme for the benefit of eligible employees. Contributions to these schemes are charged to the profit and loss account as incurred.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

William Lamb Group Limited

Notes to the financial statements *(continued)*

year ended 31 December 2018

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Turnover

Turnover arises from:

	2018 £	2017 £
United Kingdom	38,495,098	40,613,115
Europe	551,308	420,455
Rest of World	483,442	519,665
	<u>39,529,848</u>	<u>41,553,235</u>

In the opinion of the directors the company operates in one class of business only. All turnover originated in the United Kingdom, turnover by geographical distribution is shown in the above table.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018 £	2017 £
Depreciation of tangible assets	195,426	165,127
Loss on disposal of tangible assets	32,368	–
Impairment of trade debtors	4,220	(8,639)
Foreign exchange differences	<u>(173,919)</u>	<u>443,058</u>

Non-recurring administrative expenses in the prior year of £225,722 relate to the costs incurred in the restructuring of the business, in particular changes in management positions and the termination of a supplier contract within the year ended 31 December 2017.

William Lamb Group Limited

Notes to the financial statements *(continued)*

year ended 31 December 2018

6. Auditor's remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>22,500</u>	<u>28,000</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	6,000	9,750
Other non-audit services	<u>—</u>	<u>2,965</u>
	<u>6,000</u>	<u>12,715</u>

7. Staff costs

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

	2018 No.	2017 No.
Management, sales & admin staff	<u>99</u>	<u>97</u>

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

	2018 £	2017 £
Wages and salaries	2,936,657	3,051,503
Social security costs	274,951	288,419
Other pension costs	201,727	195,474
	<u>3,413,335</u>	<u>3,535,396</u>

8. Directors' remuneration

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

	2018 £	2017 £
Remuneration	420,970	636,565
Company contributions to defined contribution pension plans	23,322	47,150
	<u>444,292</u>	<u>683,715</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018 No.	2017 No.
Defined contribution plans	<u>3</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2018 £	2017 £
Aggregate remuneration	163,346	134,531
Company contributions to defined contribution pension plans	9,579	—
	<u>172,925</u>	<u>134,531</u>

William Lamb Group Limited

Notes to the financial statements *(continued)*

year ended 31 December 2018

8. Directors' remuneration *(continued)*

During the year £nil (2017 - £132,337) of directors' emoluments were paid by the ultimate parent company and are not reflected in the company profit for the year.

9. Other interest receivable and similar income

	2018 £	2017 £
Other interest receivable and similar income	<u>157</u>	<u>—</u>

10. Interest payable and similar expenses

	2018 £	2017 £
Interest on banks loans and overdrafts	<u>34,022</u>	<u>54,279</u>

11. Tax on profit

Major components of tax expense

	2018 £	2017 £
Current tax:		
UK current tax expense	260,000	13,520
Adjustments in respect of prior periods	<u>6,492</u>	<u>(1,741)</u>
Total current tax	<u>266,492</u>	<u>11,779</u>
Deferred tax:		
Origination and reversal of timing differences	<u>962</u>	<u>11,230</u>
Tax on profit	<u>267,454</u>	<u>23,009</u>

William Lamb Group Limited

Notes to the financial statements (continued)

year ended 31 December 2018

11. Tax on profit (continued)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<u>1,374,591</u>	<u>641,988</u>
Profit on ordinary activities by rate of tax	261,172	123,561
Adjustment to tax charge in respect of prior periods	6,492	(1,740)
Effect of expenses not deductible for tax purposes	5,801	9,508
Effect of capital allowances and depreciation	–	1,276
Rounding on tax charge	(874)	–
Group relief surrendered/claimed	–	(109,787)
Effect of change in deferred tax rate	(6,349)	2,813
Deferred tax not recognised	250	–
Origin of timing differences on deferred tax	962	(4,102)
Adjustment of previous period deferred tax	–	1,480
Tax on profit	<u>267,454</u>	<u>23,009</u>

12. Dividends

	2018 £	2017 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>250,000</u>	<u>250,000</u>

13. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computers £	Total £
Cost						
At 1 Jan 2018	386,954	165,458	687,508	107,426	909,914	<u>2,257,260</u>
Additions	3,480	51,098	5,070	15,625	172,221	<u>247,494</u>
Disposals	–	(143,383)	–	(12,000)	–	<u>(155,383)</u>
At 31 Dec 2018	<u>390,434</u>	<u>73,173</u>	<u>692,578</u>	<u>111,051</u>	<u>1,082,135</u>	<u>2,349,371</u>
Depreciation						
At 1 Jan 2018	205,491	78,917	558,605	99,258	640,874	<u>1,583,145</u>
Charge for the year	6,675	17,356	53,651	6,037	111,707	<u>195,426</u>
Disposals	–	(75,747)	–	(12,000)	–	<u>(87,747)</u>
At 31 Dec 2018	<u>212,166</u>	<u>20,526</u>	<u>612,256</u>	<u>93,295</u>	<u>752,581</u>	<u>1,690,824</u>
Carrying amount						
At 31 Dec 2018	<u>178,268</u>	<u>52,647</u>	<u>80,322</u>	<u>17,756</u>	<u>329,554</u>	<u>658,547</u>
At 31 Dec 2017	<u>181,463</u>	<u>86,541</u>	<u>128,903</u>	<u>8,168</u>	<u>269,040</u>	<u>674,115</u>

Land and buildings includes land with a value of £53,469 at 31 December 2018 (2017: £57,105).

William Lamb Group Limited

Notes to the financial statements *(continued)*

year ended 31 December 2018

14. Stocks

	2018 £	2017 £
Raw materials	120,772	220,659
Finished goods and goods for resale	2,013,684	1,740,925
	<u>2,134,456</u>	<u>1,961,584</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £31,046,117 (2017: £31,595,352). The write-down of stocks to net realisable value amounted to £197,546 (2017: £351,006).

15. Debtors

	2018 £	2017 £
Trade debtors	6,062,013	5,320,373
Amounts owed by group undertakings	2,913,944	2,740,146
Prepayments and accrued income	229,469	153,922
Corporation tax repayable	–	127,144
Other debtors	69,822	62,528
	<u>9,275,248</u>	<u>8,404,113</u>

16. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	3,866,968	3,496,267
Amounts owed to group undertakings	1,151,997	251,156
Accruals and deferred income	805,276	1,071,278
Corporation tax	135,000	–
Social security and other taxes	83,635	131,126
Other creditors	40,518	25,985
	<u>6,083,394</u>	<u>4,975,812</u>

The Company obtains working capital through an invoice finance facility with HSBC Bank plc. Under the terms of the financing arrangement the Company may draw down funds up to a maximum value which is a fixed proportion of the eligible trade debtors. Interest is charged on the funds drawn down from the facility at 1.5% above Base Rate.

The invoice finance facility and the bank overdraft are secured, by fixed and floating charges over the assets and book debts of the Company and of its parent company William Lamb (Holdings) Limited.

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

William Lamb Group Limited

Notes to the financial statements *(continued)*

year ended 31 December 2018

17. Provisions

	Deferred tax (note 18) £
At 1 January 2018	31,038
Additions	962
At 31 December 2018	<u>32,000</u>

18. Deferred tax

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

	2018 £	2017 £
Included in provisions (note 17)	<u>32,000</u>	<u>31,038</u>

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

	2018 £	2017 £
Accelerated capital allowances	<u>32,000</u>	<u>31,038</u>

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £201,727 (2017: £195,474).

20. Called up share capital

Issued, called up and fully paid

	2018 No.	£	2017 No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

William Lamb Group Limited

Notes to the financial statements *(continued)*

year ended 31 December 2018

21. Operating leases

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

	2018 £	2017 £
Not later than 1 year	180,000	180,000
Later than 1 year and not later than 5 years	720,000	720,000
Later than 5 years	1,485,000	1,665,000
	<u>2,385,000</u>	<u>2,565,000</u>

22. Events after the end of the reporting period

On the 1st of January 2019 the trade and activities of a fellow subsidiary, Trade Mark Collections Limited (TMC), were transferred into William Lamb Group Limited following the successful integration of TMC in to the Group after the purchase in July 2015.

23. Related party transactions

The Company has taken advantage of the exemption within FRS102 not to disclose transactions with group undertakings.

A director of William Lamb Group Limited is also a director and the sole shareholder of Juju Limited.

During the year ended 31 December 2018, William Lamb Group Limited purchased goods and services from Juju Limited totalling £2,225,428 (2017- £2,419,454). There was an amount of £317,506 due to Juju Limited at 31 December 2018 (2017- £626,635).

During the year ended 31 December 2018, William Lamb Group Limited paid operating lease rentals of £180,000 (2017: £180,000) to the William Lamb 1990 Retirement and Death Scheme, directors of William Lamb (Holdings) Limited are also trustees of the scheme.

A lease commencing 23 March 2017 for 15 years at an initial rate of £180,000 per annum reviewed every 5th anniversary, was signed in 2017.

24. Ultimate controlling party

The Company is a subsidiary undertaking of William Lamb (Holdings) Limited, a company registered in England and Wales. The ultimate controlling party is Stuart Lamb, Shareholder and Director.

The consolidated financial statements are available to the public, and may be obtained from Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.