

ABLEBOX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018

ABLEBOX LIMITED

COMPANY INFORMATION

Directors	S P Ainsworth T C Lloyd J C Lloyd A B Lloyd J E Lloyd (resigned 30 April 2018)
Registered number	02547129
Registered office	23 Buckland Road Pen Mill Trading Estate Yeovil Somerset BA21 5HA
Independent auditors	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2018**

Business review

2018 demonstrates another year of success for Ablebox. Turnover increased 22% year on year, and the company exceeded its sales target by 7%. Despite continued pressures on raw materials, impacted further by the weakened exchange rate, the company was able to demonstrate a strong Profit Before Tax of 13.2% (2017: 10.9%) through cost management, streamlining systems, and improving company efficiencies across all departments. With the uncertainty of Brexit and what this will mean to the UK economy, the company has adopted a pro-active approach to highlight and safeguard all possible areas of risk and to minimise disruption or exposure, whilst looking to maximise new opportunities.

This year has seen significant investment in the additional factory at Henstridge. With construction nearing completion, the company plans to further invest in its operations, at both sites. These investments will further enhance the product range available to customers and provide us with a greater competitive edge with the intention of growing sales and profit significantly over the coming years.

The net current liability showing on the balance sheet is due to a short term bank loan for the construction of the new site at Henstridge, shown as £1.7m within Creditors due within one year. Upon completion, this loan will be transferred into a long term mortgage product.

Principal risks and uncertainties

a) Price risk - The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to price risk exceed any potential benefits.

b) Credit risk - The company has implemented policies for its finance operations that require appropriate credit checks on potential customers before finance is given. The nature of the company's main operations does not give rise to significant credit risk.

c) Liquidity risk - The company actively maintains debt finance in respect of bank loans, hire purchases and an invoice financing facility that is designed to ensure the company has sufficient available funds for operations and expansions. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Key performance indicators

The board monitor performance by reference to various key performance indicators. These performance indicators are reviewed and discussed at monthly Board Meetings:

2018 2017

Turnover £9.29m £7.75m

Profit before Tax £1.24m £824k

EBITDA £1.68m £1.37m

EBITDA% 18.1% 17.7%

This report was approved by the board on 29 November 2018 and signed on its behalf.

S P Ainsworth
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2018**

The directors present their report and the financial statements for the year ended 30 April 2018.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements 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 to 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.

Principal activity

The principal activity of the company is to manufacture and distribute corrugated packaging.

Results and dividends

The profit for the year, after taxation, amounted to £1,013,527 (2017: £675,804).

Directors

The directors who served during the year were:

S P Ainsworth
T C Lloyd
J C Lloyd
A B Lloyd
J E Lloyd (resigned 30 April 2018)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2018**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

S P Ainsworth

Director

Date: 29 November 2018

23 Buckland Road
Pen Mill Trading Estate
Yeovil
Somerset
BA21 5HA

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABLEBOX LIMITED

Opinion

We have audited the financial statements of Ablebox Limited (the 'Company') for the year ended 30 April 2018, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows 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 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 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF ABLEBOX LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the 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 on page 2, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 Auditors' 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 Auditors' 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.

Tim Borton FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

7 December 2018

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 APRIL 2018**

	Note	2018 £	2017 £
Turnover	4	9,286,613	7,750,378
Cost of sales		(6,638,241)	(5,433,010)
Gross profit		2,648,372	2,317,368
Administrative expenses		(1,381,373)	(1,442,440)
Operating profit	5	1,266,999	874,928
Interest receivable and similar income		121	-
Interest payable and expenses	9	(42,970)	(32,643)
Profit before tax		1,224,150	842,285
Tax on profit	10	(210,623)	(166,481)
Profit after tax		1,013,527	675,804
Retained earnings at the beginning of the year		3,229,516	2,964,860
		3,229,516	2,964,860
Profit for the year		1,013,527	675,804
Dividends declared and paid		(748,351)	(411,148)
Retained earnings at the end of the year		3,494,692	3,229,516

The notes on pages 10 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	5,916,323	4,989,802
		5,916,323	4,989,802
Current assets			
Stocks	12	433,933	327,060
Debtors: amounts falling due within one year	13	1,667,360	1,317,520
Cash at bank and in hand	14	270,592	162,732
		2,371,885	1,807,312
Creditors: amounts falling due within one year	15	(4,043,547)	(2,713,940)
Net current liabilities		(1,671,662)	(906,628)
Total assets less current liabilities		4,244,661	4,083,174
Creditors: amounts falling due after more than one year	16	(505,544)	(623,237)
Provisions for liabilities			
Deferred tax		(244,025)	(230,021)
Net assets		3,495,092	3,229,916
Capital and reserves			
Called up share capital	20	210	210
Capital redemption reserve	21	190	190
Profit and loss account	21	3,494,692	3,229,516
		3,495,092	3,229,916

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

S P Ainsworth
Director

Date: 29 November 2018

The notes on pages 10 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,013,527	675,804
Adjustments for:		
Depreciation of tangible assets	407,980	461,605
Loss on disposal of tangible assets	9	(3,450)
Interest paid	42,970	32,643
Interest received	(121)	-
Taxation charge	210,623	166,481
(Increase) in stocks	(106,874)	(5,491)
(Increase)/decrease in debtors	(349,840)	126,714
Increase/(decrease) in creditors	369,506	(144,594)
Increase in provisions	-	149,685
Corporation tax (paid)	(149,023)	(201,120)
Net cash generated from operating activities	1,438,757	1,258,277
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,335,509)	(2,654,283)
Sale of tangible fixed assets	1,001	173,583
Interest received	121	-
HP interest paid	(10,142)	-
Net cash from investing activities	(1,344,529)	(2,480,700)
Cash flows from financing activities		
New secured loans	573,564	1,374,839
Repayment of loans	(61,294)	(51,699)
Other new loans	-	386,336
Repayment of/new finance leases	(185,940)	(349,955)
Dividends paid	(748,351)	(411,148)
Interest paid	(32,828)	(32,643)
Net cash used in financing activities	(454,849)	915,730
Net (decrease) in cash and cash equivalents	(360,621)	(306,693)
Cash and cash equivalents at beginning of year	162,732	469,425
Cash and cash equivalents at the end of year	(197,889)	162,732
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	270,592	162,732
Bank overdrafts	(468,481)	-
	(197,889)	162,732

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

1. GENERAL INFORMATION

Ablebox Limited is a private company limited by shares and is incorporated in England. The address of its registered office and principle place of business is 23 Buckland Road, Pen Mill Trading Estate, Yeovil, Somerset, BA21 5HA.

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 accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.3 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. ACCOUNTING POLICIES (continued)

2.4 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of income and retained earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.5 FINANCE COSTS

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

2.6 BORROWING COSTS

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

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 the Statement of income and retained earnings 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

2. ACCOUNTING POLICIES (continued)

2.8 CURRENT AND DEFERRED TAXATION

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

Depreciation is provided on the following basis:

Land	-		Not depreciated
Freehold building	-	5%	straight line
Plant and machinery	-	20%	reducing balance
Motor vehicles	-	33%	reducing balance
Fixtures, fittings and equipment	-	33%	reducing balance
Operational software	-	10%	straight line

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.

Where software is integral to the company's operations and closely aligned with its plant and machinery, then the cost of such software is capitalised as a tangible fixed asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

2. ACCOUNTING POLICIES (continued)

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 weighted average 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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.

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 the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

2. ACCOUNTING POLICIES (continued)

2.15 FINANCIAL INSTRUMENTS (CONTINUED)

or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

3.

JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Useful economic lives of tangible assets

The annual depreciation charge is sensitive to any changes in the estimated useful life and residual values of tangible assets. The useful economic lives and residual value is assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation, physical condition of the asset and future investments.

Impairment of stocks

The company's products are subject to changing market demand. It is therefore necessary to consider on a periodic basis the recoverability of the cost of stocks and the associated impairment. Management calculates impairments by considering the nature and condition of the stocks and applies assumptions around anticipated saleability of finished goods and future usage of raw materials, overheads and labour.

Impairment of debtors

On a periodic basis management makes an estimation of the recoverability of debtors. Management makes such estimations based on the credit rating of debtors, the ageing profile, and historical experience.

4. TURNOVER

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

	2018 £	2017 £
Sale of goods	<u>9,286,613</u>	<u>7,750,378</u>

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Exchange differences	176	1,711
Other operating lease rentals	7,120	18,149
Depreciation	<u>407,979</u>	<u>461,605</u>

6. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>9,500</u>	<u>9,850</u>

7. EMPLOYEES

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

	2018 £	2017 £
Wages and salaries	1,723,982	1,572,832
Social security costs	169,143	147,841
Cost of defined contribution scheme	50,519	48,339
	<u>1,943,644</u>	<u>1,769,012</u>

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

	2018 No.	2017 No.
Production	38	39
Administration and support	23	26
	<u>61</u>	<u>65</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

8. DIRECTORS' REMUNERATION

	2018 £	2017 £
Directors' emoluments	78,339	71,815
Company contributions to defined contribution pension schemes	8,896	8,367
	<u>87,235</u>	<u>80,182</u>

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pension schemes.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Bank interest payable	32,828	13,150
Finance leases and hire purchase contracts	10,142	19,493
	<u>42,970</u>	<u>32,643</u>

10. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	204,943	149,023
Adjustments in respect of previous periods	(8,324)	3,574
TOTAL CURRENT TAX	<u>196,619</u>	<u>152,597</u>
DEFERRED TAX		
Origination and reversal of timing differences	31,112	24,537
Changes to tax rates	(25,049)	(10,653)
Adjustment in respect of prior period	7,941	-
TOTAL DEFERRED TAX	<u>14,004</u>	<u>13,884</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>210,623</u>	<u>166,481</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.92%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,224,150</u>	<u>842,285</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.92%)	232,589	167,765
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,596	4,439
Adjustments to tax charge in respect of prior periods	(8,324)	3,574
Adjustment to tax charge in respect of previous period - deferred tax	7,941	-
Other differences leading to an increase (decrease) in the tax charge	-	2,541
Deferred tax credit from unrecognised temporary difference from a prior period	-	(10,653)
Decrease from effect of different UK tax rates on some earnings	-	(1,185)
Fixed asset differences	4,531	-
Adjust closing deferred tax to average rate	(28,710)	-
TOTAL TAX CHARGE FOR THE YEAR	<u><u>210,623</u></u>	<u><u>166,481</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Operational software £	Total £
COST OR VALUATION						
At 1 May 2017	2,413,394	2,701,600	617,295	196,687	1,518,297	7,447,273
Additions	1,108,735	77,256	136,514	13,004	-	1,335,509
Disposals	-	(1,630)	(1,000)	-	-	(2,630)
At 30 April 2018	3,522,129	2,777,226	752,809	209,691	1,518,297	8,780,152
DEPRECIATION						
At 1 May 2017	15,934	1,619,948	321,155	138,957	361,476	2,457,470
Charge for the year on owned assets	2,652	124,042	110,217	19,238	151,830	407,979
Disposals	-	(1,620)	-	-	-	(1,620)
At 30 April 2018	18,586	1,742,370	431,372	158,195	513,306	2,863,829
NET BOOK VALUE						
At 30 April 2018	3,503,543	1,034,856	321,437	51,496	1,004,991	5,916,323
At 30 April 2017	2,397,459	1,081,653	296,139	57,730	1,156,821	4,989,802

Included within the net book value of freehold property above is £154,976 (2017: £152,324) in respect of freehold buildings and £3,327,219 (2017: £2,245,137) in respect of assets under construction.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

11. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	277,827	294,517
Motor vehicles	281,519	225,529
	<u>559,346</u>	<u>520,046</u>

12. STOCKS

	2018 £	2017 £
Raw materials	242,417	129,246
Finished goods	169,907	174,840
Other stock	21,609	22,974
	<u>433,933</u>	<u>327,060</u>

Stock recognised in cost of sales during the year as an expense was £4,449,931 (2017: £3,430,597) .

13. DEBTORS

	2018 £	2017 £
Trade debtors	1,569,717	1,279,687
Other debtors	1,400	5,972
Prepayments and accrued income	96,243	31,861
	<u>1,667,360</u>	<u>1,317,520</u>

14. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	270,592	162,732
Less: invoice financing facility	(468,481)	-
	<u>(197,889)</u>	<u>162,732</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Invoice financing facility	468,481	-
Bank loans	1,698,265	1,123,351
Trade creditors	895,712	773,203
Corporation tax	196,619	149,023
Other taxation and social security	266,500	106,027
Obligations under finance lease and hire purchase contracts	216,606	166,838
Other creditors	143,704	340,267
Accruals and deferred income	157,660	55,231
	<u>4,043,547</u>	<u>2,713,940</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Bank loans	137,145	199,789
Net obligations under finance leases and hire purchase contracts	175,799	273,763
Accruals and deferred income	192,600	149,685
	<u>505,544</u>	<u>623,237</u>

17. LOANS

Analysis of the maturity of loans is given below:

	2018 £	2017 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	1,698,265	1,123,351
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	137,145	199,789
	<u>1,835,410</u>	<u>1,323,140</u>

Bank loans, finance lease obligations and the invoice financing facility are secured against the assets of the company, including Tangible Fixed Assets (£5,916,323), Stock (£433,933) and Debtors (£1,667,360).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

18. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	<u>1,841,709</u>	<u>1,448,391</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>(3,892,772)</u>	<u>(2,932,442)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash and cash equivalents, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise the invoice financing facility, trade creditors, other creditors, accruals, finance lease obligations and bank loans

19. DEFERRED TAXATION

	2018 £
At beginning of year	230,021
Charged to profit or loss	(14,004)
AT END OF YEAR	<u><u>244,025</u></u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Differences between accumulated depreciation and capital allowances	<u>244,025</u>	230,021
	<u><u>244,025</u></u>	<u><u>230,021</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

20. SHARE CAPITAL

	2018 £	2017 £
ALLOTTED, CALLED UP AND FULLY PAID		
16,800 Ordinary A shares of £0.01 each	168.00	168.00
1,050 Ordinary B shares of £0.01 each	10.50	10.50
1,050 Ordinary C shares of £0.01 each	10.50	10.50
1,050 Ordinary D shares of £0.01 each	10.50	10.50
1,050 Ordinary E shares of £0.01 each	10.50	10.50
	<u>210.00</u>	<u>210.00</u>

21. RESERVES**Capital redemption reserve**

The capital redemption reserve has arisen due to a historic company purchase of own shares of 190 ordinary shares with a nominal value of £190. The creation of the capital redemption reserve preserves the capital of the company.

22. 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 £50,519 (2017: £48,339). Contributions totalling £4,892 (2017: £8,148) were payable to the fund at the balance sheet date and are included in creditors.

23. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	114,196	155,284
Later than 1 year and not later than 5 years	226,978	287,398
	<u>341,174</u>	<u>442,682</u>

24. RELATED PARTY TRANSACTIONS

During the year the directors maintained a loan account with the company. At the year end the company owed the directors £24,597 (2017: £211,356). There has been no interest charged in the year and there are no set repayment terms.

Dividends were paid to the directors during the year totalling £748,351 (2017: £411,148).

Remuneration paid to key management personnel was £87,235 (2017: £80,182).

25. CONTROLLING PARTY

The ultimate controlling party is Mr A B Lloyd.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.