

Company Registration No. 02585630 (England and Wales)

SIMTOM FOOD PRODUCTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2018

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SIMTOM FOOD PRODUCTS LIMITED

COMPANY INFORMATION

Directors	B J Chandarana J D Chandarana R J Chandarana
Secretary	J D Chandarana
Company number	02585630
Registered office	Unit 17 Merry Lees Industrial Estate Leaside Merry Lees Nr Desford Leicester Leicestershire LE9 9FS
Auditor	RSM UK Audit LLP Chartered Accountants Rivermead House 7 Lewis Court Grove Park Leicester Leicestershire LE19 1SD

SIMTOM FOOD PRODUCTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present the strategic report for the year ended 30 September 2018.

Business review and future developments

The directors are pleased to report that the company enjoyed a strong trading performance during the year despite a backdrop of continued economic instability and a fiercely competitive market place. The business has been able to successfully increase gross profitability, which is up by a half percentage point to 23.5% and allows for a small drop in overall turnover to £10.2m.

Trading profit before exceptional items, depreciation and amortisation is healthy at £662k although this represents a reduction on the prior year due to ongoing investment in products and infrastructure that will have enduring benefit as the company plans to increase capacity. This investment is strategically important as increased capacity will allow for the opportunity to continue to offer new products to the existing customer base as well as being able to service new customers. The directors, therefore, look forward with confidence that the strong foundations and core infrastructure of the business is being built upon ahead of this planned growth.

Investment in the infrastructure will continue into the current year utilising funding already secured and as the facilities available are migrated from flexible funding to term loans, it is expected that the net current liabilities position on the balance sheet will improve.

At the year end the group had shareholders' funds of £1.57m (2017: £1.53m) including distributable reserves of £1.54m (2017: £1.51m) leaving a satisfactory financial position.

Principal risks and uncertainties

The directors have assessed the principal risks facing the company as operating in a highly competitive retail market as well as the potential impact of wider macro-economic factors on the business such as fluctuating exchange rates and raw material prices. On an ongoing basis the directors seek to manage this risk by maintaining quality service levels and relationships, ongoing innovation and development of new products, broadening the company's high quality customer base further and closely monitoring financial markets.

Financial risk management objectives and policies

The company made use of financial instruments only through the operation of bank accounts and an invoice discounting facility. The directors believe the company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company and maintain control of working capital across currency denominations used. The company continues to enjoy an excellent relationship with its banking provider who have assisted and supported the plans to increase capacity to accommodate future growth.

On behalf of the board



B J Chandarana

Director

Date: 24/6/19

SIMTOM FOOD PRODUCTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

Principal activities

The principal activity of the company continued to be that of the manufacture of Indian cooking sauces, chutney and pastes.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B J Chandarana
J D Chandarana
R J Chandarana

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

RSM UK Audit LLP were appointed as auditor to the company to fill a casual vacancy. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

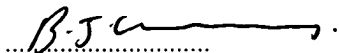
Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of a fair review of its business and future developments, and its principal risks and uncertainties.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



B J Chandarana
Director

Date: 24/6/19

SIMTOM FOOD PRODUCTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors are responsible for preparing the Strategic Report and 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). 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 and then apply them consistently;
- make judgements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMTOM FOOD PRODUCTS LIMITED

Opinion

We have audited the financial statements of Simtom Food Products Limited (the 'company') for the year ended 30 September 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 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 30 September 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMTOM FOOD PRODUCTS LIMITED (CONTINUED)

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 and the directors' report.

We have nothing to report in respect of the following matters where 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 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.

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: <http://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.

RSM UK Audit LLP

Gareth Jones (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire, LE19 1SD
27/6/19

SIMTOM FOOD PRODUCTS LIMITED

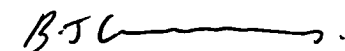
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

		2018 £	2017 £
	Notes		
Turnover	3	10,220,506	10,752,563
Cost of sales		(7,818,025)	(8,264,568)
		<hr/>	<hr/>
Gross profit		2,402,481	2,487,995
Administrative expenses		(2,118,265)	(1,908,448)
Other operating income		77,973	65,418
Exceptional costs	4	(127,500)	-
		<hr/>	<hr/>
Operating profit	7	234,689	644,965
Interest payable and similar expenses	8	(153,525)	(142,327)
		<hr/>	<hr/>
Profit before taxation		81,164	502,638
Tax on profit	9	(46,225)	(122,500)
		<hr/>	<hr/>
Profit for the financial year		<u>34,939</u>	<u>380,138</u>

SIMTOM FOOD PRODUCTS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Goodwill	10	750,000		810,000	
Tangible assets	11	2,855,999		1,776,437	
		<u>3,605,999</u>		<u>2,586,437</u>	
Current assets					
Stocks	12	1,548,638		1,572,540	
Debtors	13	2,664,496		2,037,003	
Cash at bank and in hand		823,794		528,988	
		<u>5,036,928</u>		<u>4,138,531</u>	
Creditors: amounts falling due within one year	14	<u>(5,663,629)</u>		<u>(4,687,427)</u>	
Net current liabilities			<u>(626,701)</u>		<u>(548,896)</u>
Total assets less current liabilities			<u>2,979,298</u>		<u>2,037,541</u>
Creditors: amounts falling due after more than one year	15		<u>(1,209,675)</u>		<u>(342,587)</u>
Provisions for liabilities	19		<u>(200,996)</u>		<u>(161,266)</u>
Net assets			<u><u>1,568,627</u></u>		<u><u>1,533,688</u></u>
Capital and reserves					
Called up share capital	22	25,000		25,000	
Profit and loss reserves	24	1,543,627		1,508,688	
Total equity			<u><u>1,568,627</u></u>		<u><u>1,533,688</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24/6/19 and are signed on its behalf by:



B J Chandarana
Director

SIMTOM FOOD PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 October 2016	25,000	1,128,550	1,153,550
Year ended 30 September 2017:			
Profit and total comprehensive income for the year	-	380,138	380,138
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2017	25,000	1,508,688	1,533,688
Year ended 30 September 2018:			
Profit and total comprehensive income for the year	-	34,939	34,939
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2018	<u>25,000</u>	<u>1,543,627</u>	<u>1,568,627</u>

SIMTOM FOOD PRODUCTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	25	255,226		1,188,798	
Income taxes paid		(135,180)		(111,691)	
Net cash inflow from operating activities		<u>120,046</u>		<u>1,077,107</u>	
Investing activities					
Purchase of tangible fixed assets		(724,800)		(11,168)	
Proceeds on disposal of tangible fixed assets		<u>2,848</u>		<u>-</u>	
Net cash used in investing activities		(721,952)		(11,168)	
Financing activities					
Interest paid		(153,525)		(142,327)	
Net proceeds from/(repayment of) borrowings		288,200		(462,991)	
Net drawdown from/(repayment) of bank loan facility		352,600		(202,302)	
Payment of finance leases obligations		<u>(51,131)</u>		<u>(146,524)</u>	
Net cash generated from/(used in) financing activities		<u>436,144</u>		<u>(954,144)</u>	
Net (decrease)/increase in cash and cash equivalents		(165,762)		111,795	
Cash and cash equivalents at beginning of year		<u>(979,502)</u>		<u>(1,091,297)</u>	
Cash and cash equivalents at end of year		<u><u>(1,145,264)</u></u>		<u><u>(979,502)</u></u>	
Relating to:					
Cash at bank and in hand		823,794		528,988	
Bank overdrafts included in creditors payable within one year		<u><u>(1,969,058)</u></u>		<u><u>(1,508,490)</u></u>	

SIMTOM FOOD PRODUCTS LIMITED

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

1 Accounting policies

Company information

Simtom Food Products Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 17, Merry Lees Industrial Estate Leaside, Merry Lees Nr Desford, Leicester, Leicestershire, LE9 9FS.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the regulations of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The company uses liquid resources and working capital balances that arise directly from its operations. The company seeks 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.

The company has committed funding arrangements from its bank and has good relationships with its customers and suppliers. The directors of the company have agreed to defer payment of the directors loan until the company has sufficient funds to repay it.

After reviewing the company's forecasts and projections to September 2020, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. 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 recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10% per annum on cost
Plant and equipment	5-20% per annum on cost
Fixtures and fittings	10% per annum on cost
Motor vehicles	25% per annum on cost

Assets in the course of construction are not depreciated.

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.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies (Continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies (Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Exceptional items

The company presents as exceptional items on the face of the statement of comprehensive income those material items of income or expense, which because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users of the accounts to better understand the elements of financial performance in the period, so as to facilitate comparison with prior periods.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

2 Judgements 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Leases

The company determines whether leases entered into are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the company on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Key sources of estimation uncertainty

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

Depreciation and residual values

The directors have reviewed the asset lives and associated residual value of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets at the period end date is £2,855,999.

Carrying value of stock

The directors review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experience and estimates of future events to assess future demand for the company's products and achievable selling prices. The carrying value of stock at the period end date is £1,548,638.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

2 Judgements and key sources of estimation uncertainty (Continued)

Recoverability of debtors

Trade debtors are recognised to the extent that they are judged recoverable. Director reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made against specific invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such a difference will impact on the carrying value of debtors and the charge to profit or loss. The carrying value of trade debtors at the period end date is £2,242,335.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	8,943,883	9,064,183
Rest of the world	1,276,623	1,688,380
	<u>10,220,506</u>	<u>10,752,563</u>

The whole of turnover is attributable to the manufacture of cooking sauces, chutney and pastes.

	2018 £	2017 £
Other revenue		
Rent received	<u>77,973</u>	<u>65,418</u>

4 Exceptional costs

	2018 £	2017 £
Exceptional costs	<u>127,500</u>	<u>-</u>

The exceptional costs in the year related to the legal claim brought against the company by an IT supplier. The claim was fully contested and the company made a counter claim against this action. Judgement was given for the claimant in the case and the directors have accrued for £127,500 in relation to the settlement of this claim.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Production	58	63
Administration	6	4
Directors	3	3
	<u>67</u>	<u>70</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,080,689	2,007,685
Social security costs	170,899	154,911
Pension costs	50,296	18,243
	<u>2,301,884</u>	<u>2,180,839</u>

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	270,000	195,000
Company pension contributions to defined contribution schemes	27,700	-
	<u>297,700</u>	<u>195,000</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 0).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	90,000	-
Company pension contributions to defined contribution schemes	25,900	-
	<u></u>	<u></u>

As total directors' remuneration was less than £200,000 in the prior year, no disclosure is provided for that year.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

7 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(8,553)	-
Fees payable to the company's auditor for the audit of the company's financial statements	11,500	11,500
Depreciation of owned tangible fixed assets	211,320	186,289
Depreciation of tangible fixed assets held under finance leases	28,110	43,185
Loss on disposal of tangible fixed assets	6,039	-
Amortisation of intangible assets	60,000	60,000
Cost of stocks recognised as an expense	5,303,901	5,656,657
Operating lease charges	205,826	166,658

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	42,594	32,986
Interest on invoice finance arrangements	50,983	37,706
Interest on other loans	54,778	62,630
	148,355	133,322
Other finance costs:		
Interest on finance leases and hire purchase contracts	5,170	9,005
	153,525	142,327

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	3,503	134,242
Adjustments in respect of prior periods	2,992	-
Total current tax	6,495	134,242
Deferred tax		
Origination and reversal of timing differences	39,571	(11,742)
Adjustment in respect of prior periods	159	-
Total deferred tax	39,730	(11,742)
Total tax charge	46,225	122,500

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

9 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	81,164	502,638
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	15,421	98,008
Tax effect of expenses that are not deductible in determining taxable profit	9,345	4,329
Adjustments in respect of prior years	2,992	-
Deferred tax adjustments in respect of prior years	159	-
Effect of change in tax rate on deferred tax	(4,656)	-
Fixed asset differences	22,964	20,163
Taxation charge for the year	46,225	122,500

Factors that may affect future tax charge

Legislation to reduce the main rate of corporation tax rate from 19% to 17% from 1 April 2020 has been substantively enacted before the year end. The deferred tax balances within these financial statements have been reassessed to reflect these rate reductions and the period in which any related timing differences are expected to reverse.

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2017 and 30 September 2018	1,200,000
Amortisation and impairment	
At 1 October 2017	390,000
Amortisation charged for the year	60,000
At 30 September 2018	450,000
Carrying amount	
At 30 September 2018	750,000
At 30 September 2017	810,000

The amortisation charge for the period is included within administrative expenses.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

11 Tangible fixed assets

	Leasehold improvements £	Assets under construction £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 October 2017	577,643	-	1,739,608	324,975	4,200	2,646,426
Additions	451,659	748,812	1,183	34,170	92,055	1,327,879
Disposals	-	-	(4,600)	-	(7,353)	(11,953)
At 30 September 2018	1,029,302	748,812	1,736,191	359,145	88,902	3,962,352
Depreciation and impairment						
At 1 October 2017	219,159	-	535,222	114,558	1,050	869,989
Depreciation charged in the year	64,989	-	138,777	33,693	1,971	239,430
Eliminated in respect of disposals	-	-	(2,147)	-	(919)	(3,066)
At 30 September 2018	284,148	-	671,852	148,251	2,102	1,106,353
Carrying amount						
At 30 September 2018	745,154	748,812	1,064,339	210,894	86,800	2,855,999
At 30 September 2017	358,484	-	1,204,386	210,417	3,150	1,776,437

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2018 £	2017 £
Plant and equipment	52,456	126,549
Assets under construction	392,986	-
Motor vehicles	84,702	-
	<u>530,144</u>	<u>126,549</u>
Depreciation charge for the year in respect of leased assets	<u>28,110</u>	<u>43,185</u>

12 Stocks

	2018 £	2017 £
Raw materials and consumables	1,070,908	753,570
Finished goods and goods for resale	477,730	818,970
	<u>1,548,638</u>	<u>1,572,540</u>

13 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	2,242,335	1,895,557
Corporation tax recoverable	-	2,054
Other debtors	69,193	50,860
Prepayments and accrued income	352,968	88,532
	<u>2,664,496</u>	<u>2,037,003</u>

Trade debtors amounting to £2,210,170 (2017 - £1,876,046) which are subject to an invoice discounting agreement were outstanding at 30 September 2018.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

14 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	16	2,985,822	2,172,654
Obligations under finance leases	17	150,783	40,923
Other borrowings	16	183,762	320,562
Trade creditors		1,625,562	1,464,469
Corporation tax		3,503	134,242
Other taxation and social security		97,050	99,797
Other creditors		114,657	126,741
Accruals and deferred income		502,490	328,039
		<u>5,663,629</u>	<u>4,687,427</u>

Details on bank loans and overdrafts given in note 16.

Details on finance leases is given in note 17.

Other borrowings relate to a directors' loan account details of which is given in note 29.

15 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Other loans	16	725,000	-
Obligations under finance leases	17	484,675	42,587
Other borrowings	16	-	300,000
		<u>1,209,675</u>	<u>342,587</u>

Details on other loans is given in note 16.

Details on finance leases is given in note 17.

Other borrowings related to a directors' loan account details of which is given in note 29.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

16 Borrowings

	2018 £	2017 £
Other loans	725,000	-
Bank loans	1,016,764	664,164
Bank overdrafts	1,969,058	1,508,490
Other borrowings	183,762	620,562
	<u>3,894,584</u>	<u>2,793,216</u>
Payable within one year	3,169,584	2,493,216
Payable after one year	<u>725,000</u>	<u>300,000</u>

Bank overdrafts relate to amounts received under an invoice discounting agreement and these are secured against the debtor ledger balances to which they relate.

The bank loans are secured by a fixed and floating debenture charge over the assets of the company and a personal guarantee by a director.

Other loans relate to a related party loan details of which is given in note 28. This replaced previous directors' loan accounts as shown in note 29. The loan was taken out in June 2018 and is due for repayment by June 2022, with capital repayment due to commence on a monthly basis from September 2019. The loan is unsecured and interest is charged at 9.66% per annum.

Other borrowings relate to a directors' loan account details of which is given in note 29.

17 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Less than one year	169,734	42,183
Between one and five years	525,534	44,419
	<u>695,268</u>	<u>86,602</u>
Less: future finance charges	(59,810)	(3,092)
	<u>635,458</u>	<u>83,510</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles, and are secured against the assets to which they relate. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is between 3 and 5 years and interest is charged at between 4% and 5% per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

18 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,242,335	1,895,557
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	6,137,293	4,712,465
	<u> </u>	<u> </u>

19 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	20	200,996	161,266
		<u> </u>	<u> </u>

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	201,386	161,266
Short term timing differences	(390)	-
	<u> </u>	<u> </u>
	200,996	161,266
	<u> </u>	<u> </u>
Movements in the year:		2018 £
Liability at 1 October 2017		161,266
Charge to profit or loss		39,730
		<u> </u>
Liability at 30 September 2018		200,996
		<u> </u>

The deferred tax liability set out above relates to accelerated capital allowances that are expected to mature over the life of the assets to which it relates and £17,000 is expected to reverse within 12 months.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

21 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	50,296	18,243

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the year end £5,273 (2017: £2,108) of contributions remained unpaid and are included within other creditors.

22 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
25,000 Ordinary shares of £1 each	25,000	25,000

23 Controlling party

The company is controlled by J D Chandarana and R J Chandarana by virtue of their shareholding in the company.

24 Reserves

Profit and loss reserves

The profit and loss account includes all current prior year retained profits and losses.

25 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	34,939	380,138
Adjustments for:		
Taxation charged	46,225	122,500
Finance costs	153,525	142,327
Loss on disposal of tangible fixed assets	6,039	-
Amortisation and impairment of intangible assets	60,000	60,000
Depreciation and impairment of tangible fixed assets	239,430	229,474
Movements in working capital:		
Decrease in stocks	23,902	240,439
(Increase)/decrease in debtors	(629,547)	28,674
Increase/(decrease) in creditors	320,713	(14,754)
Cash generated from operations	255,226	1,188,798

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	158,943	151,743
Between one and five years	559,962	557,905
In over five years	191,962	306,507
	<u>910,867</u>	<u>1,016,155</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £	2017 £
Acquisition of tangible fixed assets	<u>205,704</u>	<u>-</u>

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2018 £	2017 £
Aggregate compensation	<u>493,166</u>	<u>369,007</u>

Key management personnel are deemed to be those having authority and responsibility, delegated to them by directors, for planning directing and controlling the activities of the company. The key management personnel of the company comprise the statutory directors, the finance director and operations director.

Other transactions

The company directors are all trustees of the Simtom Retirement Benefits Scheme. The company leases property owned by the Simtom Retirement Benefits Scheme. During the year rent was paid to the Simtom Retirement Benefits Scheme amounting to £19,000 (2017- £18,800). There was no balance outstanding at 30 September 2018 (2017: £Nil).

The company received a loan of £725,000 in the year from relatives of the directors, further details of which are shown in note 16. The balance outstanding at 30 September 2018 was £725,000.

SIMTOM FOOD PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

29 Directors' transactions

The company has received a loan from J D Chandarana. At 30 September 2018 the company owed the director £183,672 (2017: £620,562) of which £nil (2017: £300,000) is shown as due after one year. The amounts are shown as other borrowings within creditors in the financial statements. The loan is unsecured and no interest is charged on the loan.