
Beechfield Brands Limited

Annual Report and Financial Statements

For the year ended 31 December 2018

Beechfield Brands Limited

Company Information

Directors	R McHugh P McHugh
Company secretary	S McHugh
Registered number	02953704
Registered office	Silverpoint Moor Street Bury BL9 5AQ
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	HSBC Plc 96-101 Lord Street Liverpool L2 6PG

Beechfield Brands Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 25

Strategic Report
For the year ended 31 December 2018

Introduction

The directors present their Strategic Report for the year ended 31 December 2018.

Business review

As reported in the company's profit and loss account, revenue has seen an increase of 18% due to a general upturn in business driven by a continued improvement in the European economy, supported by a stable UK market and enhancement to the product offering.

The balance sheet shows that the company's net assets at the year end have increased by £2.5m. This is due to the increased sales volumes and net profits.

Principal risks and uncertainties

Management continually monitors the key risks facing the business such as:

Economic stability. The company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties. Sales trends in its major markets are constantly reviewed to enable early action to be taken in the event of sales declining.

Competitor pressure. The market in which the company operates is competitive. The company differentiates itself by offering a comprehensive range of quality products and maintains strong relationships with its key customers.

Reliance on key suppliers. The company's purchasing activities could expose it to over-reliance on certain suppliers. The company manages this risk by ensuring there is enough breadth in its supplier base and by constantly seeking to find potential alternative suppliers that could be used.

Loss of key personnel. This would present significant operational difficulties for the company. Management seeks to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

Key performance indicators

Management uses a range of performance measures to monitor and manage the business. Key financial and non-financial indicators are:

Profit ratios. Gross profit percentage and net profit percentage remained similar to the previous year.

Activity ratios. Debtor days were reported at 28 days for 2018, a decrease on the prior year (*30 days 2017*) due to enhanced credit control and active monitoring of customer accounts. Creditor days remained similar at 34 days. Stock holding days have increased to 169 days for 2018 (*2017 - 149 days*) as sales continue to increase and we improve our stock management processes.

Strategic Report (continued)
For the year ended 31 December 2018

Corporate responsibility

Ethical trading and environmental standards

The company is committed to upholding the highest ethical and environmental standards throughout our entire supply chain reflecting our vision that corporate responsibility is no longer optional but essential.

We operate according to an ethical policy that protects and rewards every individual involved in the manufacture and supply of our products. The policy references, respects and enhances local laws and regulations, with regard to wages, health and safety, workers' welfare and human rights, and it expressly forbids the use of child workers or coerced/forced labour.

This policy allows our customers to buy our products in the knowledge that they are partnering with a responsible company that is focused on working to minimise the negative impact of the textile industry on the environment.

Our field based staff carry out inspections on all of our manufacturing partners to ensure that our ethical standards are constantly maintained. In addition to our own visits, we also commission third-party social compliance audits, in accordance with SA8000 guidelines.

We endeavour to protect the quality of the environment through sound environmental practice. We ensure that our manufacturing partners meet or exceed all local environmental laws and regulations, and we promote energy efficiency and the reduction of waste at every stage of production.

Communities

The company is focused on putting something back into the communities in which we operate, and as such we are supporting a number of groups both in the UK and abroad that cover a range of causes which we feel are important, including amateur and junior sports clubs, environmental groups, homeless charities and international humanitarian organisations. We provide support to these groups through the supply of products and cash donations.

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

R McHugh

Director

Date: 27 September 2019

Beechfield Brands Limited

Directors' Report For the year ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £4,853,027 (2017 - £4,176,008).

Dividends totalling £2,831,111 were paid during the year (2017 - £2,068,889).

Directors

The directors who served during the year were:

R McHugh

P McHugh

Future developments

The directors look forward to continued growth in 2019 despite the challenges the company will face as an importer post-Brexit.

Beechfield Brands Limited

Directors' Report (continued)
For the year ended 31 December 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.

Post balance sheet events

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

Auditors

The auditors, Hurst Accountants Limited, 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.

R McHugh

Director

Date: 27 September 2019

Independent Auditors' Report to the Shareholders of Beechfield Brands Limited

Opinion

We have audited the financial statements of Beechfield Brands Limited (the 'company') for the year ended 31 December 2018, which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity 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 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

Independent Auditors' Report to the Shareholders of Beechfield Brands Limited (continued)

We have nothing to report in this regard.

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 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.

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.

Independent Auditors' Report to the Shareholders of Beechfield Brands Limited (continued)

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.

Helen Besant-Roberts (senior statutory auditor)
for and on behalf of

Hurst Accountants Limited

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

27 September 2019

Beechfield Brands Limited

**Statement of Comprehensive Income
For the year ended 31 December 2018**

	Note	2018 £	2017 £
Turnover	4	36,496,131	30,839,175
Cost of sales		<u>(26,351,022)</u>	<u>(22,295,487)</u>
Gross profit		10,145,109	8,543,688
Distribution costs		(103,748)	(175,602)
Administrative expenses		<u>(4,128,468)</u>	<u>(3,243,143)</u>
Operating profit before separately disclosed items	6	5,912,893	5,124,943
Other operating income	5	-	4,992
Operating profit	6	5,912,893	5,129,935
Investment income	10	21,940	54,952
Interest receivable and similar income	11	7,164	3,464
Interest payable and expenses	12	<u>(28,137)</u>	<u>(9,025)</u>
Profit before tax		5,913,860	5,179,326
Tax on profit	13	<u>(1,060,833)</u>	<u>(1,003,318)</u>
Profit for the year		<u>4,853,027</u>	<u>4,176,008</u>
Other comprehensive income for the year			
Fair value gains/(losses) on forward currency contracts		428,933	(563,016)
Total comprehensive income for the year		<u>5,281,960</u>	<u>3,612,992</u>

The notes on pages 12 to 25 form part of these financial statements.

Beechfield Brands Limited
Registered number: 02953704

Balance Sheet
As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	15	1,566,710	765,489
Investment property	16	-	660,871
		1,566,710	1,426,360
Current assets			
Stocks	17	12,240,589	9,120,280
Debtors: amounts falling due within one year	18	3,706,561	3,591,401
Cash at bank and in hand	19	3,528,854	3,448,293
		19,476,004	16,159,974
Creditors: amounts falling due within one year	20	(4,497,557)	(3,483,849)
Net current assets		14,978,447	12,676,125
Total assets less current liabilities		16,545,157	14,102,485
Provisions for liabilities			
Deferred tax	22	-	(8,177)
Net assets		16,545,157	14,094,308
Capital and reserves			
Called up share capital	23	200	200
Other reserves	24	171,694	(257,239)
Profit and loss account	24	16,373,263	14,351,347
Shareholders' funds		16,545,157	14,094,308

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

R McHugh
Director

Date: 27 September 2019

The notes on pages 12 to 25 form part of these financial statements.

Beechfield Brands Limited

**Statement of Changes in Equity
For the year ended 31 December 2018**

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2018	200	(257,239)	14,351,347	14,094,308
Comprehensive income for the year				
Profit for the year	-	-	4,853,027	4,853,027
Gains / (loss) on forward contracts	-	428,933	-	428,933
Total comprehensive income for the year	-	428,933	4,853,027	5,281,960
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(2,831,111)	(2,831,111)
At 31 December 2018	200	171,694	16,373,263	16,545,157

**Statement of Changes in Equity
For the year ended 31 December 2017**

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2017	200	305,777	12,244,228	12,550,205
Comprehensive income for the year				
Profit for the year	-	-	4,176,008	4,176,008
Gains / (loss) on forward contracts	-	(563,016)	-	(563,016)
Total comprehensive income for the year	-	(563,016)	4,176,008	3,612,992
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(2,068,889)	(2,068,889)
At 31 December 2017	200	(257,239)	14,351,347	14,094,308

Beechfield Brands Limited

Statement of Cash Flows
For the year ended 31 December 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	4,853,027	4,176,008
Adjustments for:		
Depreciation of tangible assets	113,083	102,666
Profit on disposal of tangible assets	(21,307)	(12,750)
Interest paid	28,137	9,025
Investment income	(29,104)	(38,416)
Taxation charge	1,060,833	1,003,318
(Increase) in stocks	(3,120,309)	(1,253,980)
Decrease/(increase) in debtors	60,307	(274,162)
Increase in creditors	1,230,921	538,046
Corporation tax (paid)	(1,032,757)	(1,156,182)
Net cash generated from operating activities	3,142,831	3,073,573
Cash flows from investing activities		
Purchase of tangible fixed assets	(278,126)	(709,337)
Sale of tangible fixed assets	46,000	42,350
Purchase of investment properties	-	(660,871)
Interest received	7,164	3,464
Income from investments	21,940	54,952
Net cash from investing activities	(203,022)	(1,269,442)
Cash flows from financing activities		
Dividends paid	(2,831,111)	(2,068,889)
Interest paid	(28,137)	(9,025)
Net cash used in financing activities	(2,859,248)	(2,077,914)
Net increase/(decrease) in cash and cash equivalents	80,561	(273,783)
Cash and cash equivalents at beginning of year	3,448,293	3,722,076
Cash and cash equivalents at the end of year	3,528,854	3,448,293
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,528,854	3,448,293

**Notes to the Financial Statements
For the year ended 31 December 2018**

1. General information

Beechfield Brands Limited is a private company limited by share capital incorporated in England, registered number 02953704. The address of the registered office and principal place of business is Silverpoint, Moor Street, Bury, BL9 5AQ.

The principal activity of the company continued to be the wholesale distribution of headwear, bags and associated goods.

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 judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

Revenue is recognised upon dispatch of goods.

Notes to the Financial Statements
For the year ended 31 December 2018

2. Accounting policies (continued)

2.3 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on the following basis:

Freehold property	-	3%	straight line
Plant and machinery	-	20%	straight line
Motor vehicles	-	25%	straight line
Fixtures and fittings	-	20%	straight line
Computer equipment	-	20%	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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.4 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.6 Stocks

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

At each balance sheet 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.

Notes to the Financial Statements
For the year ended 31 December 2018

2. Accounting policies (continued)

2.7 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.

2.8 Financial instruments

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

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 comprehensive income.

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

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

2.9 Hedge accounting

The company has entered into forward currency contracts to manage its exposure to cash flow risk on its overseas purchases. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

Notes to the Financial Statements
For the year ended 31 December 2018

2. Accounting policies (continued)

2.10 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

2.12 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 comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.13 Interest income

Interest income is recognised in the statement of comprehensive income 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 comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet 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 balance sheet.

Notes to the Financial Statements
For the year ended 31 December 2018

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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 balance sheet 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 balance sheet 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 balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The key sources of estimation, uncertainty and critical accounting judgement in applying the company's policies are discussed below.

Provision for discontinued and slow moving stock

The company reviews its stocks to assess for discontinued stock lines and slow moving stock lines. In determining whether a provision for discontinued and slow moving stocks should be recorded in profit or loss, the company makes judgements as to the future saleability of the product and the estimated net realisable value for such product. Accordingly, provisions are made where the net realisable value is less than the cost.

Other estimates and judgements

Management of the company also exercises significant judgement in estimating the useful life of property, plant and equipment.

Included within creditors due in less than one year is a provision for dilapidations of £121,482 (2017 - £121,482) based on an estimate received from suitably qualified building consultants.

Should these estimates vary, the profit or loss and balance sheet of the following years could be impacted.

Beechfield Brands Limited

Notes to the Financial Statements
For the year ended 31 December 2018

4. Turnover

	2018	2017
	£	£
Geographical analysis of turnover		
Europe (including United Kingdom)	<u>36,496,131</u>	<u>30,839,175</u>

5. Other operating income

	2018	2017
	£	£
Insurance claims receivable	<u>-</u>	<u>4,992</u>

6. Operating profit

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

	2018	2017
	£	£
Depreciation of tangible fixed assets	113,083	102,666
Exchange differences	(26,555)	134,921
Other operating lease rentals	12,152	56,864
(Profit)/Loss on disposal of tangible assets	<u>(21,307)</u>	<u>(12,750)</u>

7. Auditors' remuneration

	2018	2017
	£	£
Fees payable for the audit of the company's annual accounts	24,350	24,000
All other services	<u>6,175</u>	<u>3,000</u>

Beechfield Brands Limited

Notes to the Financial Statements
For the year ended 31 December 2018

8. Employees

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

	2018 £	2017 £
Wages and salaries	1,946,419	1,567,654
Social security costs	243,668	182,305
Cost of defined contribution scheme	160,418	146,451
	<u>2,350,505</u>	<u>1,896,410</u>

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

	2018 No.	2017 No.
Administration	<u>39</u>	<u>34</u>

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	192,743	193,181
Company contributions to defined contribution pension schemes	40,000	67,212
	<u>232,743</u>	<u>260,393</u>

During the year retirement benefits were accruing to 1 director (2017 - 2) in respect of defined contribution pension schemes.

10. Income from investments

	2018 £	2017 £
Rent receivable net of direct costs	<u>21,940</u>	<u>54,952</u>

Beechfield Brands Limited

**Notes to the Financial Statements
For the year ended 31 December 2018**

11. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>7,164</u>	<u>3,464</u>

12. Interest payable and similar expenses

	2018 £	2017 £
Other loan interest payable	<u>28,137</u>	<u>9,025</u>

13. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	1,107,687	998,454
Adjustments in respect of previous periods	(34,904)	-
Total current tax	<u>1,072,783</u>	<u>998,454</u>
Deferred tax		
Origination and reversal of timing differences	(11,950)	4,864
Taxation on profit on ordinary activities	<u>1,060,833</u>	<u>1,003,318</u>

Beechfield Brands Limited

Notes to the Financial Statements
For the year ended 31 December 2018

13. Taxation (continued)**Factors affecting the tax charge for the year**

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

	2018 £	2017 £
Profit on ordinary activities before tax	<u>5,913,860</u>	<u>5,179,326</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	1,123,633	984,072
Effects of:		
Expenses not deductible for tax purposes	3,859	2,655
Adjustments to tax charge in respect of prior periods	(34,904)	-
Other timing differences leading to an increase (decrease) in taxation	(31,755)	16,591
Total tax charge for the year	<u>1,060,833</u>	<u>1,003,318</u>

14. Dividends

	2018 £	2017 £
Dividends paid on equity capital	<u>2,831,111</u>	<u>2,068,889</u>

Beechfield Brands Limited

Notes to the Financial Statements
For the year ended 31 December 2018

15. Tangible fixed assets

	Freehold property	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2018	660,871	199,975	94,735	361,643	1,317,224
Additions	-	165,001	87,924	25,201	278,126
Disposals	-	(113,750)	(13,264)	(19,241)	(146,255)
Transfers between classes	660,871	-	-	-	660,871
At 31 December 2018	<u>1,321,742</u>	<u>251,226</u>	<u>169,395</u>	<u>367,603</u>	<u>2,109,966</u>
Depreciation					
At 1 January 2018	31,876	138,029	73,180	308,650	551,735
Charge for the year on owned assets	33,553	55,466	(2,573)	26,637	113,083
Disposals	-	(89,057)	(13,264)	(19,241)	(121,562)
Transfers between classes	-	(16,594)	14,945	1,649	-
At 31 December 2018	<u>65,429</u>	<u>87,844</u>	<u>72,288</u>	<u>317,695</u>	<u>543,256</u>
Net book value					
At 31 December 2018	<u>1,256,313</u>	<u>163,382</u>	<u>97,107</u>	<u>49,908</u>	<u>1,566,710</u>
<i>At 31 December 2017</i>	<u>628,995</u>	<u>61,946</u>	<u>21,555</u>	<u>52,993</u>	<u>765,489</u>

16. Investment property

	Freehold investment property
	£
At 1 January 2018	660,871
Transfers between classes	(660,871)
At 31 December 2018	<u>-</u>

Property which was previously rented to a third party is now being used solely for the purposes of the trade of Beechfield Brands and therefore has been re-classified as a tangible fixed asset.

Beechfield Brands Limited

**Notes to the Financial Statements
For the year ended 31 December 2018**

17. Stocks

	2018	2017
	£	£
Finished goods and goods for resale	<u>12,240,589</u>	<u>9,120,280</u>

Stock recognised in cost of sales during the year as an expense was £22,408,081 (2017 - £18,407,142).

An impairment loss of £363,397 (2017 - £149,795) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

18. Debtors

	2018	2017
	£	£
Trade debtors	2,785,649	2,533,476
Other debtors	460,611	827,632
Prepayments and accrued income	284,834	230,293
Deferred taxation	3,773	-
Derivatives	171,694	-
	<u>3,706,561</u>	<u>3,591,401</u>

19. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	<u>3,528,854</u>	<u>3,448,293</u>

20. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	2,488,346	2,131,422
Corporation tax	421,614	381,588
Taxation and social security	207,032	167,209
Other creditors	426,465	231,984
Accruals and deferred income	954,100	314,407
Derivatives	-	257,239
	<u>4,497,557</u>	<u>3,483,849</u>

Beechfield Brands Limited

**Notes to the Financial Statements
For the year ended 31 December 2018**

21. Financial instruments

	2018 £	2017 £
Financial assets		
Derivatives measured at fair value through other comprehensive income	171,694	-
Financial assets that are debt instruments measured at amortised cost	2,785,649	2,533,476
	<u>2,957,343</u>	<u>2,533,476</u>
Financial liabilities		
Derivatives measured at fair value through other comprehensive income	-	257,239
Financial liabilities measured at amortised cost	3,442,446	2,433,692
	<u>3,442,446</u>	<u>2,690,931</u>

Derivatives measured at fair value through other comprehensive income comprise fair value gains and losses on forward contracts. The company has elected to adopt the hedging rules in accordance with FRS102 section 12. The company is hedging against exchange rate risk on future foreign currency stock purchases by using forward exchange contracts. The fair value loss on contracts in place at the year end is held in other reserves. The period over which the cash flows are expected to occur are in line with planned stock purchases in 2019.

Financial assets that are debt instruments measured at amortised cost comprise trade and other receivables.

Financial liabilities measured at amortised cost comprise trade and other payables.

22. Deferred taxation

	2018 £
At beginning of year	(8,177)
Charged to profit or loss	11,950
At end of year	<u>3,773</u>

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(6,064)	(8,177)
Other timing differences	9,837	-
	<u>3,773</u>	<u>(8,177)</u>

Beechfield Brands Limited

Notes to the Financial Statements
For the year ended 31 December 2018

23. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
200 Ordinary shares of £1.00 each	<u>200</u>	<u>200</u>

24. Reserves**Other reserves**

Other reserves comprise of unrealised gains and losses on forward foreign currency contracts designated as qualifying cash flow hedges.

Profit and loss account

Includes all current and prior period retained profits and losses.

25. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from

those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £160,418 (2017 - £146,451). Contributions totalling £6,824 (2017 - £nil) were payable to the fund at the balance sheet date.

26. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than 1 year	9,044	5,544
Later than 1 year and not later than 5 years	12,474	18,018
	<u>21,518</u>	<u>23,562</u>

27. Transactions with directors

As at 31 December 2017 R McHugh owed the company £600,000. This was fully repaid on 1 January 2018. No interest was charged on the loan.

Notes to the Financial Statements
For the year ended 31 December 2018

28. Related party transactions

The directors have chosen not to disclose transactions entered into with other companies wholly owned within the group as permitted under FRS 102 paragraph 33.1A.

Included within other creditors due within one year are loans from directors totalling £426,095 (2017 - £194,984) which are repayable on demand. Interest at a rate of 10% totalling £28,137 (2017 - £9,025) was charged on the loans during the year.

Key management personnel compensation totalled £232,743 (2017 - £260,393).

29. Controlling party

The ultimate parent company is Beechfield Brands Holdings Limited, a company registered in England.

Copies of the accounts of Beechfield Brands Holdings Limited can be obtained from the Registrar of Companies.

The ultimate controlling party of Beechfield Brands Holdings Limited group is R McHugh by virtue of his majority ownership of the voting share capital.

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.