

Company Registration No. 03747333 (England and Wales)

ALLIANCE DISPOSABLES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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ALLIANCE DISPOSABLES LIMITED

COMPANY INFORMATION

Directors	D Elder P Bonson A Walker
Secretary	S Tew
Company number	03747333
Registered office	Alliance House Marshfield Bank Crewe Cheshire CW2 8UY
Auditor	Royce Peeling Green Limited The Copper Room Deva Centre Trinity Way Manchester M3 7BG
Bankers	National Westminster Bank Plc Warrington Branch 23 Sankey Street Warrington WA1 1XH

ALLIANCE DISPOSABLES LIMITED

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ALLIANCE DISPOSABLES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The company continues to trade in the distribution of non-food products.

Alliance is widely recognised as one of the leading suppliers of non-food products and catering equipment in the UK. The company is head quartered in Crewe and provides coverage of both the UK and Ireland from a network of 13 depots. Alliance boasts an impressive product offering, with over 24,000 products.

The Directors are pleased with the shape of our business model and the balance between National and Regional trading.

Alliance Ireland continues to perform to plan, having successfully secured targeted customers in both Northern Ireland and the Republic of Ireland.

Overview

Alliance has increased turnover in line with our budgeted plan, whilst managing to maintain margins in a competitive market.

Focussed efforts on service, costs and margins have ensured that profits have remained at a planned and healthy level.

Business review

In the year ended 30 September 2019 company turnover increased by 10.8% to £126.9m. Margins performed as budgeted at 27.8%.

The Directors continue to invest in the systems to address the increasing need for data protection compliance and online security. During 2019, Alliance continued with significant investment in warehousing, distribution and infrastructure to deliver growth.

Pre tax profits were £7.1m compared to £6.4m in the previous year. Cash flows from operations were healthy at £5.9m (2018: £6.8m).

Principal risks and uncertainties

Responsibility for the identification and monitoring of risks affecting the company lies with the Directors.

The Senior Management Team and the finance department follow the procedures laid down by the Directors to manage those risks. The risks associated with financial instruments are set out in the Directors' Report.

The other key risks which may influence the ability of the company to achieve its strategic aims are considered to be the economic conditions following the UK's exit from the EU.

The company continues to operate in a competitive environment. The outlook for the UK, the Global economy, consumer confidence and spending will impact on our ability to deliver growth and profitability.

Our core offering is based on our ability to provide the best service to our customer base. Risk of continued staff cost inflation and our ability to employ a talented and readily available work force in a high employment market are key issues.

We continue to be focussed on the risk of cyber security attacks and the potential of threats to our core data. We will continue to invest significantly in systems and processes to protect our data and customer information.

Position at the end of the period

The company maintains a very strong balance sheet; at 30 September 2019 it has no external debt.

We are forecasting further top line growth in the current financial period and focus on margin management to protect the profitability of the business. Year to date results are in line with forecast.

ALLIANCE DISPOSABLES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Key performance indicators

Monthly management information reviewed by the Directors and the management team focuses on sales, margins and costs and most importantly, cash flow. These are considered to be our imperatives for maintaining a strong balance sheet.


Non financial KPIs

The Directors continue to believe that staff retention and development are measures which ultimately support our objective of providing excellent customer service.

In addition, ensuring that our business is entirely deployed in being a safe and socially responsible employer is a material factor.

These will continue to be our primary non financial KPIs.

On behalf of the board



P Bonson

Director

24 FEBRUARY 2020

ALLIANCE DISPOSABLES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their annual report and financial statements for the year ended 30 September 2019.

Principal activities

The principal activity of the company continued to be that of the supply of non-food distribution.

Directors

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

D Elder
P Bonson
A Walker

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £2,433,635 (2018: £3,433,635). The directors do not recommend payment of a final dividend.

Financial instruments

Treasury operations and financial instruments

- to finance its operations;
- to manage its exposure to currency or interest rate risk arising from its operations or financing; or
- for trading purposes.

In addition, trade debtors, trade creditors and bank balances are financial instruments which arise directly from the operations of the company.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company can be exposed to interest rate risk on any borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Foreign currency risk

The company's principal foreign currency exposures arise from purchasing from overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity could involve the use of foreign exchange forward contracts.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

ALLIANCE DISPOSABLES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

In accordance with the company's articles, a resolution proposing that Royce Peeling Green Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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;
- 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 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.

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, the directors individually have taken all the necessary steps that they ought to have taken as directors 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



P Bonson
Director

Date: 24 FEBRUARY 2020

ALLIANCE DISPOSABLES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLIANCE DISPOSABLES LIMITED

Opinion

We have audited the financial statements of Alliance Disposables Limited (the 'company') for the year ended 30 September 2019 which comprise the statement of comprehensive income, the balance sheet, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

ALLIANCE DISPOSABLES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALLIANCE DISPOSABLES LIMITED

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, 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 FRC'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.

Royce Peeling Green Limited

Martin Chatten (Senior Statutory Auditor)
for and on behalf of Royce Peeling Green Limited

27 February 2020

Chartered Accountants
Statutory Auditor

The Copper Room
Deva Centre
Trinity Way
Manchester M3 7BG

ALLIANCE DISPOSABLES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	126,897,748	114,555,684
Cost of sales		(91,678,305)	(82,358,482)
Gross profit		<u>35,219,443</u>	<u>32,197,202</u>
Administrative expenses		(28,180,497)	(25,850,825)
Other operating income		21,685	12,500
Operating profit	4	<u>7,060,631</u>	<u>6,358,877</u>
Interest receivable and similar income		23,764	5,092
Interest payable and similar expenses		(501)	(7,609)
Profit before taxation		<u>7,083,894</u>	<u>6,356,360</u>
Tax on profit	8	(1,302,499)	(1,186,369)
Profit for the financial year		<u><u>5,781,395</u></u>	<u><u>5,169,991</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ALLIANCE DISPOSABLES LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	10		15,997		25,997
Tangible assets	11		11,848,173		11,399,166
Investments	12		87		87
			<u>11,864,257</u>		<u>11,425,250</u>
Current assets					
Stocks	15	13,809,293		14,743,236	
Debtors	16	21,396,355		18,347,181	
Cash at bank and in hand		1,154,643		1,687,753	
		<u>36,360,291</u>		<u>34,778,170</u>	
Creditors: amounts falling due within one year	17	<u>(27,572,294)</u>		<u>(28,950,608)</u>	
Net current assets			<u>8,787,997</u>		<u>5,827,562</u>
Total assets less current liabilities			<u>20,652,254</u>		<u>17,252,812</u>
Creditors: amounts falling due after more than one year	18		(35,000)		(35,000)
Provisions for liabilities	21		73,065		124,747
Net assets			<u>20,690,319</u>		<u>17,342,559</u>
Capital and reserves					
Called up share capital	20		90		90
Revaluation reserve	21		1,987,762		2,017,800
Capital redemption reserve			10		10
Profit and loss reserves			18,702,457		15,324,659
Total equity			<u>20,690,319</u>		<u>17,342,559</u>

The financial statements were approved by the board of directors and authorised for issue on 24/2/2020 and are signed on its behalf by:

.....
D Elder
Director

Company Registration No. 03747333

ALLIANCE DISPOSABLES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2017		90	2,047,838	10	13,558,265	15,606,203
Year ended 30 September 2018:						
Profit and total comprehensive income for the year		-	-	-	5,169,991	5,169,991
Dividends	23	-	-	-	(3,433,635)	(3,433,635)
Transfers		-	(30,038)	-	30,038	-
Balance at 30 September 2018		90	2,017,800	10	15,324,659	17,342,559
Year ended 30 September 2019:						
Profit and total comprehensive income for the year		-	-	-	5,781,395	5,781,395
Dividends	9	-	-	-	(2,433,635)	(2,433,635)
Transfers		-	(30,038)	-	30,038	-
Balance at 30 September 2019		90	1,987,762	10	18,702,457	20,690,319

ALLIANCE DISPOSABLES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	26	5,867,430		6,802,839	
Interest paid		(501)		(7,609)	
Income taxes paid		(1,695,678)		(1,316,946)	
Net cash inflow from operating activities		4,171,251		5,478,284	
Investing activities					
Purchase of tangible fixed assets		(2,135,377)		(1,244,209)	
Proceeds on disposal of tangible fixed assets		373,584		160,427	
Proceeds on disposal of subsidiaries		-		(87)	
Proceeds from other investments and loans		(510,822)		(159)	
Interest received		23,764		5,092	
Net cash used in investing activities		(2,248,851)		(1,078,936)	
Financing activities					
Payment of finance leases obligations		(21,875)		(8,804)	
Dividends paid		(2,433,635)		(3,433,635)	
Net cash used in financing activities		(2,455,510)		(3,442,439)	
Net (decrease)/increase in cash and cash equivalents		(533,110)		956,909	
Cash and cash equivalents at beginning of year		1,687,753		730,844	
Cash and cash equivalents at end of year		1,154,643		1,687,753	

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

Company information

Alliance Disposables Limited is a private company limited by shares incorporated in England and Wales. The registered office is Alliance House, Marshfield Bank, Crewe, Cheshire, CW2 8UY.

1.1 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.

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 on the historical cost convention, modified to include freehold properties at deemed cost on transition to FRS 102 (being the valuation of the properties at that date. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 402 of the Companies Act 2006 not to prepare consolidated accounts as under section 405 all of its subsidiary undertakings could be excluded from consolidation. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets - goodwill

Acquired goodwill is amortised in equal annual instalments over its estimated useful economic life which, in the opinion of the directors, is 10 years.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Straight line over 50 years (Land not depreciated)
Fixtures fittings and office equipment	Straight line over 4 years
Warehouse equipment	Straight line over 10 years
Motor vehicles	Straight line over 3-4 years

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.

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 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.

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.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets 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.

1.10 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 in the company's balance sheet 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.

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

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 it 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 creditors, bank loans and loans from related parties, 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 receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Equity dividends payable are recognised as liabilities once no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates enacted or substantively enacted by the year end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.13 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.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss 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 lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

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.

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 amortisation

The depreciation and amortisation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made as to the estimated useful life of the assets; these are regularly reviewed to reflect the changing environment.

Stock provision

The provision is based on a review of old/ slow moving stock lines and the estimated realisation of that stock. The estimated realisation is based on past experience and subsequent recovery after the year end. These judgements are regularly reviewed to reflect the changing environment.

Bad debt provision

The bad debt provision is based on a review of old/ slow paying customer balances and the estimated recoverability of those balances. Estimated recoverability is based on past experience and subsequent recovery after the year end. These judgements are regularly reviewed to reflect the changing environment.

Purchases rebates

Provision for purchase rebates and overrides are based on estimated amounts due based on quantities purchased during the year. The estimated recoverability is based on past experience and amounts subsequently recovered after the year end. These judgements are regularly reviewed to reflect the changing environment.

3 Turnover analysed by geographical market

	2019 £	2018 £
United Kingdom	126,069,846	114,555,684
Europe	827,902	-
	<u>126,897,748</u>	<u>114,555,684</u>

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(12,205)	57,501
Fees payable for the audit of the company's financial statements	20,000	18,000
Depreciation of owned tangible fixed assets	1,623,018	1,437,862
Depreciation of tangible fixed assets held under finance leases	-	16,137
Profit on disposal of tangible fixed assets	(310,232)	(145,738)
Amortisation of intangible assets	10,000	10,000
Cost of stocks recognised as an expense	90,723,499	81,483,516
Operating lease charges	1,561,469	1,568,638

5 Employees

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

	2019 Number	2018 Number
Distribution	436	391
Sales	182	173
Administration	53	50
	<u>671</u>	<u>614</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	17,021,363	15,491,896
Social security costs	1,469,163	1,366,354
Pension costs	559,727	339,612
	<u>19,050,253</u>	<u>17,197,862</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	542,315	539,492
Company pension contributions to defined contribution schemes	12,573	10,820
	<u>554,888</u>	<u>550,312</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

6 Directors' remuneration

(Continued)

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

	2019 £	2018 £
Remuneration for qualifying services	194,501	192,717
Company pension contributions to defined contribution schemes	7,573	7,520

7 Retirement benefit schemes

	2019 £	2018 £
Charge to profit or loss in respect of defined contribution schemes	559,727	339,612

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.

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	1,291,685	1,275,318
Adjustments in respect of prior periods	(40,868)	(7,856)
Total current tax	1,250,817	1,267,462
Deferred tax		
Origination and reversal of timing differences	50,016	(81,093)
Changes in tax rates	1,666	-
Total deferred tax	51,682	(81,093)
Total tax charge	1,302,499	1,186,369

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	7,083,894	6,356,360
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,345,940	1,207,708
Tax effect of expenses that are not deductible in determining taxable profit	25,212	22,879
Effect of change in corporation tax rate	1,666	6,930
Research and development tax credit	(29,451)	(15,795)
Under/(over) provided in prior years	(40,868)	(7,856)
Deferred tax adjustments in respect of prior years	-	(20,458)
Other	-	(7,039)
Taxation charge for the year	1,302,499	1,186,369

9 Dividends

	2019 £	2018 £
Interim paid	2,433,635	3,433,635

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2018 and 30 September 2019	319,924
Amortisation and impairment	
At 1 October 2018	293,927
Amortisation charged for the year	10,000
At 30 September 2019	303,927
Carrying amount	
At 30 September 2019	15,997
At 30 September 2018	25,997

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

11 Tangible fixed assets

	Freehold land and buildings	Fixtures fittings and office equipment	Warehouse equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2018	9,750,651	466,349	2,276,389	5,654,483	18,147,872
Additions	-	43,176	31,981	2,060,220	2,135,377
Disposals	-	-	-	(1,988,015)	(1,988,015)
At 30 September 2019	9,750,651	509,525	2,308,370	5,726,688	18,295,234
Depreciation and impairment					
At 1 October 2018	978,289	445,618	1,444,248	3,880,551	6,748,706
Depreciation charged in the year	196,431	17,066	152,731	1,256,790	1,623,018
Eliminated in respect of disposals	-	-	-	(1,924,663)	(1,924,663)
At 30 September 2019	1,174,720	462,684	1,596,979	3,212,678	6,447,061
Carrying amount					
At 30 September 2019	8,575,931	46,841	711,391	2,514,010	11,848,173
At 30 September 2018	8,772,362	20,731	832,141	1,773,932	11,399,166

The net carrying value of tangible fixed assets includes £nil (2018: £16,784) in respect of assets held under finance leases or hire purchase contracts on which depreciation of £nil (2018: £16,137) was charged in the year.

Capital commitments

At 30 September 2019 there were amounts contracted for but not provided in the financial statements of £38,935 (2018: £612,000).

12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	13	87	87

13 Subsidiaries

Details of the company's subsidiaries at 30 September 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Alliance Disposables Ireland Ltd	Ireland	Wholesale	Ordinary	100.00

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

13 Subsidiaries

(Continued)

The aggregate capital and reserves and the result for the year of the subsidiary was as follows:

Name of undertaking	Profit/(loss) Euro	Capital and Reserves Euro
Alliance Disposables Ireland Ltd	(350,435)	(366,262)

14 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	18,040,833	15,495,139
Carrying amount of financial liabilities		
Measured at amortised cost	26,423,072	27,824,605

15 Stocks

	2019 £	2018 £
Finished goods and goods for resale	13,809,293	14,743,236

16 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	15,942,776	15,260,235
Corporation tax recoverable	183,201	-
Amounts owed by group undertakings	836,966	-
Other debtors	762,340	155,958
Prepayments and accrued income	3,172,321	2,757,454
	20,897,604	18,173,647
Amounts falling due after more than one year:		
Amounts owed by group undertakings	498,751	173,534
Total debtors	21,396,355	18,347,181

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

17 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Obligations under finance leases		-	21,875
Trade creditors		23,998,121	25,761,966
Corporation tax		358,634	620,294
Other taxation and social security		825,588	540,709
Other creditors		330,511	86,620
Accruals and deferred income		2,059,440	1,919,144
		<u>27,572,294</u>	<u>28,950,608</u>

18 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Other borrowings		<u>35,000</u>	<u>35,000</u>

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019 £	2018 £
Decelerated capital allowances	(98,952)	(162,665)
Revaluations	46,352	49,078
Retirement benefit obligations	(20,465)	(11,160)
Assets	<u>(73,065)</u>	<u>(124,747)</u>

Movements in the year:

	2019 £
Liability/(Asset) at 1 October 2018	(124,747)
Charge to profit or loss	51,682
Liability/(Asset) at 30 September 2019	<u>(73,065)</u>

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

20 Share capital

	2019 £	2018 £
Ordinary share capital		
Authorised		
10,000 Ordinary shares of 10p each	1,000	1,000
Issued and fully paid		
900 Ordinary shares of 10p each	90	90

The 900 issued ordinary shares consists of 542 A, 200 B, 50 C, 90 D and 18 E shares.

21 Revaluation reserve

The revaluation reserve is the difference between the latest valuation of freehold properties prior to transition to FRS 102 (the deemed cost on transition to FRS 102) and historical cost. The reserve is not distributable.

22 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:

	2019 £	2018 £
Within one year	741,704	620,418
Between two and five years	1,476,137	1,717,402
In over five years	646,167	708,699
	<u>2,864,008</u>	<u>3,046,519</u>

23 Directors' transactions

Dividends totalling £2,433,635 (2018 - £3,433,635) were paid in the year in respect of shares held by the company's directors.

During the year a loan of £500,000 was made to A Walker, a director of the company. The loan is repayable on demand and carries interest at 1.95% above base rate. Interest of £11,132 was charged in the year. At 30 September 2019 the outstanding balance was £511,132.

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including the directors, was.

	2019 £	2018 £
Aggregate compensation	554,888	550,312

Key management remuneration includes pay, pension contributions and benefits in kind provided to members of the management team including directors' emoluments.

Transactions with related parties

The company established a wholly owned subsidiary company, Alliance Disposables Ireland Ltd, in 2018. During this financial year

- the company made sales to the subsidiary of £827,902 and raised management charges of £9,064; as at 30 September 2019 a balance of £836,966 (2018: £Nil) was owed by the subsidiary.
- the company made purchases from the subsidiary of £7,715; as at 30 September 2019 a balance of £7,715 (2018: £Nil) was owed to the subsidiary.
- the company has also funded the set up of the subsidiary and as at 30 September 2019 a balance of £498,751 (2018: £173,620) was owed by the subsidiary.

Transactions with other entities

- Sales of £9,522 (2018: £7,267) were made to Palmerston Leisure Ltd, a company of which D H Elder is a director and shareholder. At 30 September 2019 £8,346 (2018: £439) was owed by this company.
- Rent of £85,800 (2018: £85,800) was paid to Alliance Commercial Ltd in respect of leased depot premises. D H Elder and P Bonson are directors and shareholders of that company. At 30 September 2019 an amount of £25,740 (2018: £Nil) was owed by the company to Alliance Commercial Ltd.

ALLIANCE DISPOSABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

25 Ultimate controlling party

The ultimate controlling party is D H Elder, the majority shareholder.

26 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	5,781,395	5,169,991
Adjustments for:		
Taxation charged	1,302,499	1,186,369
Finance costs	501	7,609
Investment income	(23,764)	(5,092)
Gain on disposal of tangible fixed assets	(310,232)	(145,738)
Amortisation and impairment of intangible assets	10,000	10,000
Depreciation and impairment of tangible fixed assets	1,623,018	1,453,999
Movements in working capital:		
Decrease/(increase) in stocks	933,943	(436,954)
(Increase) in debtors	(2,355,151)	(1,370,042)
(Decrease)/increase in creditors	(1,094,778)	932,697
Cash generated from operations	5,867,431	6,802,839

27 Auditor's liability limitation agreement

The company has entered into a liability limitation agreement with Royce Peeling Green Limited, the statutory auditor, in respect of the statutory audit for the year ended 30 September 2019. The proportionate liability agreement follows the standard terms in Appendix B to the FRC's June 2008 Guidance on Auditor Liability Agreements, and has been approved by the shareholders.