

Victorian Plumbing Limited

Annual report

30 September 2017



Victorian Plumbing Limited

Company Information

Directors
M A Radcliffe
N G Radcliffe
C E Radcliffe (resigned 1 October 2017)

Registered number 04079213

Registered office
Unit 41, Diamond House
Stephenson Way
Formby Business Park
Liverpool
Merseyside
L37 8EG

Independent auditor
UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers
HSBC Plc
Liverpool Corporate Centre
9th Floor
Royal Liver Building
Liverpool
Merseyside
L3 1HU

Solicitors
Gordons LLP
Forward House
8 Duke Street
Bradford
West Yorkshire
BD1 3QX

Victorian Plumbing Limited

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Victorian Plumbing Limited

Strategic report

Period ended 30 September 2017

Introduction

The company shortened its accounting reference date to 30 September 2017. These financial statements therefore represent a 6 month period. The prior reporting period was for 18 months and therefore all comparable numbers reported in these financial statements are for the 18 month period.

Business review

The business has had a successful 6 months of trading seeing yet another pro rata increase in both Turnover and Net Profit.

With continued investment in advertising over a multitude of platforms and the continued focus on brand building Victorian Plumbing Ltd has continued to grow. New marketing initiatives have proven successful and there are plans to further diversify our suite of marketing platforms to expand our consumer base.

Recruitment continues to be challenging, although steps are being taken to help ease the burden by embracing more efficient systems of working and rewarding staff for their performance. We expect to realise these benefits in 2018 in order to help provide an enhanced service to our customers.

During this financial period we have also taken steps to improve our purchasing activities, which will ultimately see a reduction in the cost of product and help establish a more efficient supply chain.

Performance

Turnover has continued on an upward trajectory with turnover up over 28% pro rata over the previous financial period. This is especially positive because the figures are exclusive of our recognised peak trading times (January Sales, Black Friday Sale).

Profits are also up on average over prior periods which is largely a result of achieving increased economies of scale given our current market position.

Period-end position

At the period-end we have improved our balance sheet position and will look to strengthen this further moving forward. Stock values have increased in anticipation of key sales months (October/November).

The ongoing legal claim with Victoria Plum Limited is set to go to appeal in February 2018 and there have been no significant changes in the terms of the case and/or the perceived outcome.

Principal risks and uncertainties

The management of the company is subject to a number of risks and uncertainties.

The company operates in a highly competitive and busy retail sector, particularly around product range, price, service and availability. Failure to pay attention to any of these elements would result in failing to meet customer expectations, potentially reduced sales and excessive stock holdings. To mitigate this there is a considerable focus on service, business management software, monitoring of competitor activities and the constant analysis of company performance and procedures. The company monitors its performance through both the management team and business management software. The management team regularly review forecasts and management accounts to ensure targets are met.

The company's cash flows are regularly monitored, and its budget and forecasts presented and approved by the management. To meet its obligations the company regularly monitors its liquidity, giving regard to its working capital requirements and the available banking facilities and other financing.

In addition to this we will continue to monitor the effects of Brexit closely to ensure we mitigate any associated risks.

Victorian Plumbing Limited

Strategic report (continued) Period ended 30 September 2017

Financial key performance indicators

The directors receive comprehensive management accounts and they review results monthly, focusing on turnover and profit before tax.

	6 months to 30 Sept 2017 £	18 months to 31 March 2017 £
Turnover	52,778,228	123,533,720
Profit before tax	2,455,074	3,105,879

Future developments

As a business we have been recruiting experienced professionals across all departments in order to help identify new opportunities and enhance current processes. We expect to see a noticeable increase in customer satisfaction, shortened delivery times, better staff retention and a reduction in the cost of retail products.

Software is also fundamental to the future growth and efficiency of the business which will see applications being developed to help increase the volume of orders we are able to manage.

We will continue to explore new marketing ideas/concepts and exploit current opportunities by maintaining an aggressive advertising strategy to help build both brand and business.

This report was approved by the board on 19 January 2018 and signed on its behalf by:


M A Radcliffe
Director

Victorian Plumbing Limited

Directors' report Period ended 30 September 2017

The directors present their report and the financial statements for the period ended 30 September 2017.

Results and dividends

The profit for the period, after taxation, amounted to £1,959,816 (March 2017: £2,642,987 (as restated)).

Dividends totalling £1,337,500 were paid in the period (March 2017: £3,381,551). The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the period were:

M A Radcliffe
N G Radcliffe
C E Radcliffe (resigned 1 October 2017)

Matters covered in the strategic report

The following information, which would otherwise be disclosed in the directors' report, is instead disclosed in the strategic report, as permitted by section 414C(11) of the Companies Act 2006:

- financial risk management objectives and policies
- future developments

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

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

Auditor

Grant Thornton UK LLP resigned as auditor and UNW LLP was appointed post period end. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 19 January 2018 and signed on its behalf by:



M A Radcliffe
Director

Victorian Plumbing Limited

Directors' responsibilities statement Period ended 30 September 2017

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.



Independent auditor's report to the members of Victorian Plumbing Limited

Opinion

We have audited the financial statements of Victorian Plumbing Limited (the 'company') for the period ended 30 September 2017, 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 30 September 2017 and of its profit for the period 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 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.



Independent auditor's report to the members of Victorian Plumbing Limited (continued)

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.

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 period 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.



Independent auditor's report to the members of Victorian Plumbing Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Who are we reporting to

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.

A handwritten signature in black ink, appearing to read 'Andrew Wilson', with a stylized flourish at the end.

Andrew Wilson BA FCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

19 January 2018

Victorian Plumbing Limited

Statement of comprehensive income Period ended 30 September 2017

		6 months ended 30 Sept 2017 £	As restated 18 months ended 31 March 2017 £
	Note		
Profit and loss account			
Turnover	5	52,778,228	123,533,720
Cost of sales		(46,777,222)	(108,597,945)
Gross profit		6,001,006	14,935,775
Administrative expenses		(3,547,966)	(9,828,389)
Exceptional administrative expenses	13	-	(1,991,896)
Operating profit	6	2,453,040	3,115,490
Interest receivable and similar income		3,557	5,560
Interest payable and similar charges	10	(1,523)	(15,171)
Profit on ordinary activities before taxation		2,455,074	3,105,879
Taxation on profit on ordinary activities	11	(495,258)	(462,892)
Profit for the financial period		1,959,816	2,642,987

There was no other comprehensive income for 2017 (March 2017: £nil).

The notes on pages 13 to 29 form part of these financial statements.

Victorian Plumbing Limited

Balance sheet At 30 September 2017

	Note	30 Sept 2017 £	As restated 31 March 2017 £
Fixed assets			
Intangible assets	14	1,097,943	847,474
Tangible assets	15	808,859	872,299
		<u>1,906,802</u>	<u>1,719,773</u>
Current assets			
Stocks	16	9,461,584	6,993,031
Debtors	17	5,912,647	4,302,691
Cash at bank and in hand		800,129	214,699
		<u>16,174,360</u>	<u>11,510,421</u>
Creditors: amounts falling due within one year	18	(16,191,082)	(11,962,910)
Net current liabilities		<u>(16,722)</u>	<u>(452,489)</u>
Total assets less current liabilities		<u>1,890,080</u>	<u>1,267,284</u>
Creditors: amounts falling due after more than one year		(34,542)	(46,198)
Provisions for liabilities			
Deferred tax	22	(58,269)	(46,133)
Other provisions	23	(1,491,896)	(1,491,896)
		<u>(1,550,165)</u>	<u>(1,538,029)</u>
Net assets/(liabilities)		<u><u>305,373</u></u>	<u><u>(316,943)</u></u>
Capital and reserves			
Called up share capital	24	800	800
Profit and loss account	25	304,573	(317,743)
Total equity		<u><u>305,373</u></u>	<u><u>(316,943)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 January 2018


M A Radcliffe
Director

Company registered number: 04079213

Victorian Plumbing Limited

Statement of changes in equity Period ended 30 September 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017 (as previously stated)	800	590,553	591,353
Prior period adjustment	-	(908,296)	(908,296)
At 1 April 2017 (as restated)	800	(317,743)	(316,943)
Comprehensive income for the period			
Profit for the period	-	1,959,816	1,959,816
Total comprehensive income for the period	-	1,959,816	1,959,816
Dividends: Equity capital	-	(1,337,500)	(1,337,500)
Total transactions with owners	-	(1,337,500)	(1,337,500)
At 30 September 2017	800	304,573	305,373

Victorian Plumbing Limited

Statement of changes in equity Period ended 31 March 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2015	800	420,821	421,621
Comprehensive income for the period			
Profit for the period (as restated)	-	2,642,987	2,642,987
Total comprehensive income for the period	-	2,642,987	2,642,987
Dividends: Equity capital	-	(3,381,551)	(3,381,551)
Total transactions with owners	-	(3,381,551)	(3,381,551)
At 31 March 2017	800	(317,743)	(316,943)

The notes on pages 13 to 29 form part of these financial statements.

Victorian Plumbing Limited

Statement of cash flows Period ended 30 September 2017

	30 Sept 2017 £	As restated 31 March 2017 £
Cash flows from operating activities		
Profit for the financial period	1,959,816	2,642,987
Adjustments for:		
Depreciation of tangible assets	140,639	164,291
Amortisation of intangible assets	149,400	445,266
Loss on disposal of tangible assets	-	16,757
Interest paid	1,523	15,171
Interest received	(3,557)	(5,560)
Taxation charge	495,258	462,892
Increase in stocks	(2,468,553)	(2,810,084)
Increase in debtors	(1,609,956)	(2,382,717)
Increase in creditors	3,744,476	4,296,968
Increase in provisions	-	1,491,896
Corporation tax received/(paid)	-	(613,554)
Net cash generated from operating activities	2,409,046	3,724,313
Cash flows from investing activities		
Purchase of intangible fixed assets	(399,869)	(1,011,765)
Purchase of tangible fixed assets	(77,199)	(615,808)
Sale of tangible fixed assets	-	62,891
Interest received	3,557	5,560
HP interest paid	(1,523)	(8,898)
Net cash from investing activities	(475,034)	(1,568,020)
Cash flows from financing activities		
Repayment of loans	-	(137,210)
Repayment of/new finance leases	(11,082)	(31,931)
Dividends paid	(1,337,500)	(3,381,551)
Interest paid	-	(6,273)
Net cash used in financing activities	(1,348,582)	(3,556,965)
Net increase/(decrease) in cash and cash equivalents	585,430	(1,400,672)
Cash and cash equivalents at beginning of period	214,699	1,615,371
Cash and cash equivalents at the end of period	800,129	214,699

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

1. General information

Victorian Plumbing Limited, is a company incorporated in the United Kingdom, and its registered office is Unit 41 Diamond House, Stephenson Way, Formby Business Park, Liverpool, Merseyside, L37 8EG.

The principal activity of the company is online retailing of bathroom and furniture and accessories.

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 *'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'* ('FRS 102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 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 at the point of despatch from the warehouse to the customer.

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

3. Accounting policies (continued)

3.3 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Amortisation is provided on all intangible assets so as to write off the cost of an asset over its estimated useful life as follows:

Development expenditure	-	4 years straight line
Software	-	4 years straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Freehold property	-	2% straight line
Long-term leasehold property	-	Amortised over the lease period
Plant and machinery	-	15% reducing balance
Motor vehicles	-	20% reducing balance
Fixtures and fittings	-	15% reducing balance
Office equipment	-	33% on cost

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.5 Stocks

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss.

3.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with near insignificant risk of change in value and have original maturities of three months or less.

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

3. Accounting policies (continued)

3.7 Financial instruments

Basic debt financial instruments

The company's basic debt financial instruments, including cash and bank balances and trade and other debtors and creditors, are all due within one year and are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account within administrative expenses.

Derivative financial instruments

Derivative financial instruments, comprising forward currency contracts, are initially recognised at fair value at the date each contract is entered into and are subsequently re-measured to their fair value at each reporting date. Changes in fair value are recognised in the profit and loss account within administrative expenses.

The company does not currently apply hedge accounting for its forward currency contracts.

3.8 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle 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 in to account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

3.9 Leases

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

3.10 Foreign currency translation

Transactions in foreign currencies are translated into sterling using the spot exchange rate at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated using the spot rate at that date. Foreign exchange gains and losses are recognised in the profit and loss account.

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

3. Accounting policies (continued)

3.11 Employee benefits

Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

3.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3.13 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

3.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments in applying the entity's accounting policies

No significant judgments were required in the process of applying the company's accounting policies for these financial statements.

Key sources of estimation uncertainty

Useful lives of fixed assets - The annual depreciation and amortisation charges for tangible and intangible fixed assets is sensitive to changes in the estimated useful lives and the residual values of the assets, which are re-assessed annually and amended to reflect current estimates. There have been no changes in the estimation bases during the current reporting period.

Provisions - Provision made in respect of an ongoing legal claim at 30 September 2017 has been assessed by management on the basis of third party consultation and disclosure has been made in note 23 to the financial statements.

Stocks are reviewed regularly to assess their carrying value versus the book cost. If there is doubt over the recoverability of the book value then a provision is made against that particular stock line.

5. Turnover

The whole of the turnover is attributable to the principal activity of the company. All turnover arose within the United Kingdom.

6. Operating profit

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

	30 Sept 2017 £	31 March 2017 £
Depreciation of tangible fixed assets	140,639	445,266
Amortisation of intangible assets	149,400	164,291
Loss on disposal of tangible fixed assets	-	16,757
Operating lease rentals	284,420	785,827
Exchange rate differences	(209,481)	195,920

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

7. Auditor's remuneration

	30 Sept 2017 £	31 March 2017 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	24,000	55,000
Fees payable to the company's auditor in respect of:		
Taxation compliance services	4,000	6,000

8. Employees

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

	30 Sept 2017 £	31 March 2017 £
Wages and salaries	1,910,490	5,132,650
Social security costs	145,872	335,273
Cost of defined contribution scheme	14,205	17,392
	2,070,567	5,485,315

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

	30 Sept 2017 No.	31 March 2017 No.
Warehouse	121	107
Office	90	77
Management	12	12
	223	196

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

9. Directors' remuneration

	30 Sept 2017 £	31 March 2017 £
Directors' emoluments	33,196	96,000
Company contributions to defined contribution pension schemes	270	-
	<u>33,466</u>	<u>96,000</u>

During the year retirement benefits were accruing to 2 directors (March 2017: no directors) in respect of defined contribution pension scheme.

10. Interest payable and similar charges

	30 Sept 2017 £	31 March 2017 £
Interest payable on bank borrowing	-	6,273
Finance leases and hire purchase contracts	1,523	8,898
	<u>1,523</u>	<u>15,171</u>

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

11. Taxation

	30 Sept 2017 £	31 March 2017 £
Corporation tax		
Current tax on profits for the year	482,562	648,900
Adjustments in respect of previous periods	560	(153,997)
Total current tax	<u>483,122</u>	<u>494,903</u>
Deferred tax		
Origination and reversal of timing differences	(14,411)	(32,011)
Adjustments in respect of previous periods	37,589	-
Effect of changes in tax rates	(11,042)	-
Total deferred tax	<u>12,136</u>	<u>(32,011)</u>
Taxation on profit on ordinary activities	<u><u>495,258</u></u>	<u><u>462,892</u></u>

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	30 Sept 2017 £	31 March 2017 £
Profit on ordinary activities before tax	2,455,074	3,105,879
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (March 2017 - 20%)	466,464	621,176
Effects of:		
Expenses not deductible for tax purposes	1,687	3,854
Adjustments to tax charge in respect of prior periods	38,149	(153,997)
Tax rate changes	(11,042)	(8,141)
Total tax charge for the period	495,258	462,892

Factors that may affect future tax charges

During the period, the UK corporation tax was decreased. There will be a further reduction in the main corporation tax from 1 April 2017 to 19% and following Budget announcements the rate will fall to 17% in 2020.

12. Dividends

	30 Sept 2017 £	31 March 2017 £
Dividends paid	1,337,500	3,381,551

During the period, certain shareholders have waived their right to receive dividends and therefore the dividend paid above is not based on the total number of ordinary shares in issue.

13. Exceptional items

	30 Sept 2017 £	31 March 2017 £
Legal claim provision (note 23)	-	1,991,896

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

14. Intangible assets

	Development costs £	Computer software £	Total £
Cost			
At 1 April 2017	465,415	546,350	1,011,765
Additions	399,869	-	399,869
Transfer between classes	(865,284)	865,284	-
At 30 September 2017	-	1,411,634	1,411,634
Amortisation			
At 1 April 2017	28,192	136,099	164,291
Charge for the period	81,106	68,294	149,400
Transfer between classes	(109,298)	109,298	-
At 30 September 2017	-	313,691	313,691
Net book value			
At 30 September 2017	-	1,097,943	1,097,943
At 31 March 2017	437,223	410,251	847,474

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

15. Tangible fixed assets

	Freehold property £	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation							
At 1 April 2017	272,564	42,449	189,209	24,480	717,800	319,423	1,565,925
Additions	-	-	31,218	21,044	8,392	16,545	77,199
At 30 September 2017	272,564	42,449	220,427	45,524	726,192	335,968	1,643,124
Depreciation							
At 1 April 2017	-	4,245	90,742	11,305	411,710	175,624	693,626
Charge for the period	-	1,415	23,167	2,476	88,278	25,303	140,639
At 30 September 2017	-	5,660	113,909	13,781	499,988	200,927	834,265
Net book value							
At 30 September 2017	272,564	36,789	106,518	31,743	226,204	135,041	808,859
At 31 March 2017	272,564	38,204	98,467	13,175	306,090	143,799	872,299

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

	30 Sept 2017 £	31 March 2017 £
Plant and machinery	50,945	64,326

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

16. Stocks

	30 Sept 2017 £	31 March 2017 £
Packaging	37,446	21,497
Goods for resale	9,424,138	6,971,534
	<u>9,461,584</u>	<u>6,993,031</u>

Stock recognised in cost of sales during the year as an expense was £25,096,352 (March 2017: £60,003,660)

No impairment loss was recognised in cost of sales against stock in either the current period or previous period.

17. Debtors

	30 Sept 2017 £	31 March 2017 £
Trade debtors	576,830	1,103,825
Amounts owed by related parties	893,753	695,130
Other debtors	917,436	1,128,284
Prepayments and accrued income	3,210,305	1,375,452
Tax recoverable	314,323	-
	<u>5,912,647</u>	<u>4,302,691</u>

No provision for impairment is recognised within trade debtors and no impairment has been charged during the current or previous period.

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

18. Creditors: amounts falling due within one year

	30 Sept 2017 £	31 March 2017 £
Trade creditors	10,915,005	8,366,690
Corporation tax	992,482	195,037
Taxation and social security	1,195,413	1,630,952
Obligations under finance lease and hire purchase contracts	22,737	22,163
Other creditors	358,109	287,688
Accruals and deferred income	2,707,336	1,460,380
	<u>16,191,082</u>	<u>11,962,910</u>

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

19. Creditors: amounts falling due after more than one year

	30 Sept 2017 £	31 March 2017 £
Net obligations under finance leases and hire purchase contracts	<u>34,542</u>	<u>46,198</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	30 Sept 2017 £	31 March 2017 £
Within one year	25,450	25,517
Between 1-2 years	36,375	49,226
Less future interest charges	(4,545)	(6,382)
	<u>57,280</u>	<u>68,361</u>

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

21. Financial instruments

	30 Sept 2017 £	As restated 31 March 2017 £
Financial assets		
Financial assets measured at amortised cost	<u>3,188,148</u>	<u>3,141,938</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(12,666,356)</u>	<u>(8,949,587)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise trade and other creditors, net obligations under finance lease and hire purchase contracts and accruals.

22. Deferred taxation

	30 Sept 2017 £	31 March 2017 £
At beginning of year	46,133	78,144
Deferred tax charge to income statement for the period	(25,453)	(32,011)
Adjustment in respect of prior years	(37,589)	-
At end of year	<u>58,269</u>	<u>46,133</u>

The provision for deferred taxation is made up as follows:

	30 Sept 2017 £	31 March 2017 £
Fixed asset timing differences	60,111	47,371
Short term timing differences - trading	(1,366)	(1,238)
Short term timing differences - non trading	(476)	-
	<u>58,269</u>	<u>46,133</u>

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

23. Provisions

	Legal case £
At 1 April 2017	1,491,896
At 30 September 2017	<u>1,491,896</u>

A provision is included in these financial statements for £1,491,896 for an ongoing legal case. The estimate is based on the information available currently to the directors and at this stage it is unknown as to when / if this amount will become payable.

24. Share capital

	30 Sept 2017 £	31 March 2017 £
Shares classified as equity		
Allotted, called up and fully paid		
800 Ordinary shares of £1 each	<u>800</u>	<u>800</u>

25. Reserves

Profit and loss account

The profit and loss reserve is the company's cumulative profits and losses, net of cumulative dividends paid and other adjustments.

26. Prior period adjustment

A prior period adjustment has been processed to correct the over release of deferred income in that period.

The prior period adjustment has resulted in a reduction in turnover and profit for the period of £908,296.

27. Contingent liabilities

A bank loan in Radcliffe Property Management Limited was secured by a multilateral guarantee between Victorian Plumbing Limited and Radcliffe Property Management Limited; Radcliffe Property Management Limited being the beneficiary. The balance at the year end was £1,383,586 (March 2017: £1,431,868).

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

28. Pension commitments

The company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from the company in an independently administered scheme. The pension cost represents contributions payable by the company to the fund totalling £14,205 (March 2017: £17,392). No contributions were payable to the fund at the year end (March 2017: £nil).

29. Commitments under operating leases

At 30 September 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	30 Sept 2017 £	31 March 2017 £
Not later than 1 year	449,251	455,589
Later than 1 year and not later than 5 years	1,788,962	1,707,804
Later than 5 years	2,062,575	2,199,945
	<u>4,300,788</u>	<u>4,363,338</u>

30. Related party transactions

At 30 September 2017, the company was owed £893,753 by Radcliffe Property Management Limited (March 2017: £695,130).

Transactions with Radcliffe Property Management Limited consisted of rent costs totalling £162,000 in the period to 30 September 2017. (March 2017: £379,000). An amount of £145,000 (March 2017: £116,500) is included within trade creditors.

Directors of the company and other shareholders received dividends totalling £1,337,500 (March 2017: £3,381,551) and various directors waived dividends during the period totalling £212,500 (March 2017: £1,135,758).

The individuals who are considered key management personnel have received remuneration totalling £48,616 (March 2017: £159,808) excluding dividends disclosed in note 12.

At 30 September 2017, M Radcliffe had an overdrawn directors loan account totalling £508,022 (March 2017: £967,147) which is included in other debtors. Interest has been charged on the account totalling £6,227 (March 2017: £7,948).

At 30 September 2017, N Radcliffe and C Radcliffe had directors loan accounts totalling £5,874 (March 2017: £2,621) and £13,112 (March 2017: £17,950) respectively and are included in other creditors. Interest has been credited to the accounts during the period totalling £2,523 (March 2017: £2,409).

At 30 September 2017, there was a shareholders loan totalling £6,652 (March 2017: £3,362) included within creditors in respect of M Stewart. Interest of £290 (March 2017: £393) has been credited to the account during the period.

Victorian Plumbing Limited

Notes to the financial statements Period ended 30 September 2017

31. Controlling party

The company is controlled by M Radcliffe by virtue of his majority shareholding.