

REGISTERED NUMBER: 04450315 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31st March 2017
for
West Scottish Lamb Limited

Contents of the Financial Statements
for the Year Ended 31st March 2017

	Page
Company Information	1
Strategic Report	2 to 3
Report of the Directors	4
Report of the Independent Auditors	5
Income Statement	6
Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Cash Flow Statement	10
Notes to the Cash Flow Statement	11
Notes to the Financial Statements	12 to 22

West Scottish Lamb Limited
Company Information
for the Year Ended 31st March 2017

DIRECTORS:	J F Errington D Burton
SECRETARY:	Mrs A J Burton
REGISTERED OFFICE:	Carlisle Abattoir Brunthill Road Kingstown Industrial Estate Carlisle Cumbria CA3 0EH
REGISTERED NUMBER:	04450315 (England and Wales)
AUDITORS:	Farries, Kirk and McVean Chartered Accountants Statutory Auditors Dumfries Enterprise Park Heathhall Dumfries DUMFRIESSHIRE DG1 3SJ
SOLICITORS:	McJarrow & Stevenson 55 High Street Lockerbie DG11 2JJ

Strategic Report
for the Year Ended 31st March 2017

The directors present their strategic report for the year ended 31st March 2017.

West Scottish Lamb Limited run an abattoir. The abattoir is based in Carlisle, though the product is predominantly Scottish. They deal in lamb and beef production and associated by-products.

The directors believe that the company is well placed to service the meat production industry from its location close to major transport routes between Scotland and England. Their staff and management team have lengthy experience in the industry.

REVIEW OF BUSINESS

The directors are very pleased with the results. Turnover has increased from £36.4m to £40.6m. They have continued the policy of concentrating mainly on lamb sales. As the majority of sales are to the export market, the Sterling turnover can fluctuate with Euro exchange rate movements regardless of the volume of business. The rate moved from 1.26€ to 1.15€ over the year but was reasonably steady for the majority of the year. The low rate has been good for export trade.

Gross profits during the year under review have risen from £1.4m to £2.4m. Gross profit percentage has increased from 3.7% to 6.0%. Bottom line profit before tax is £436k compared to a loss of £160k last year albeit that loss last year was caused by a required provision for revaluation of forward contracts in the amount of £385k. This represents an excellent trading return, especially in light of the uncertainty of the export market and fluctuations in the market demand for by products.

Key Performance Indicators (KPI's)

In the opinion of the directors, the key performance indicators of the company are gross profit and turnover as noted above. Given the straightforward nature of the business, the directors are of the opinion that there are no additional KPI's that are necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from both national and more local meat dealers, employee retention and product availability.

Financial risk management

The company's operations expose it to little in the way of financial risk. However, a variety of financial risks do exist to an extent including credit risk, liquidity risk currency risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual is subject to a limit which can only be reassessed by a director.

Liquidity risk

The company finances operations using invoice financing facilities from RBS Invoice Finance Limited. Reliance on this facility is reducing year on year and the company is operating well within available credit limits. However, it still requires the facility in order to ensure there are sufficient available funds for operations.

Currency risk

The company incurs virtually all its expenditure in Sterling but a significant percentage of its income is in Euros. As a result the company faces a risk with respect to movements in the exchange rate between invoice date and payment date.

Interest rate risk

The company has interest bearing liabilities including a bank overdraft and invoice financing facilities. The amount of interest charged on these liabilities is not sufficient to significantly affect company operations.

Strategic Report
for the Year Ended 31st March 2017

FUTURE OUTLOOK

The directors expect to continue trading very profitably over the forthcoming twelve months, though the company results will always be subject to the fluctuations in the Euro exchange rate. There are no plans for significant expansion within the next twelve months.

SIGNED BY ORDER OF THE DIRECTORS:

D Burton - Director

21st December 2017

**Report of the Directors
for the Year Ended 31st March 2017**

The directors present their report with the financial statements of the company for the year ended 31st March 2017.

DIVIDENDS

The total distribution of dividends for the year ended 31st March 2017 will be £ 20,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2016 to the date of this report.

J F Errington
D Burton

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Farries, Kirk and McVean, will be proposed for re-appointment at the forthcoming Annual General Meeting.

SIGNED BY ORDER OF THE DIRECTORS:

D Burton - Director

21st December 2017

Report of the Independent Auditors to the Members of
West Scottish Lamb Limited

We have audited the financial statements of West Scottish Lamb Limited for the year ended 31st March 2017 on pages six to twenty two. The financial reporting framework that has been applied in their preparation is 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'.

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 a Report of the Auditors 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2017 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.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

Matters on which we are required to report by exception

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.

Gerald McGill, BA CA (Senior Statutory Auditor)
for and on behalf of Farries, Kirk and McVean
Chartered Accountants
Statutory Auditors
Dumfries Enterprise Park
Heathhall
Dumfries
DUMFRIESSHIRE
DG1 3SJ

21st December 2017

Income Statement
for the Year Ended 31st March 2017

	Notes	2017 £	2016 £
TURNOVER	3	40,605,978	36,386,585
Cost of sales		<u>(38,167,258)</u>	<u>(35,028,986)</u>
GROSS PROFIT		2,438,720	1,357,599
Administrative expenses		<u>(1,992,081)</u>	<u>(1,382,518)</u>
		446,639	(24,919)
Other operating income		<u>34,805</u>	<u>270,756</u>
OPERATING PROFIT	6	481,444	245,837
Exceptional currency provision	7	<u>-</u>	<u>(384,801)</u>
		481,444	(138,964)
Interest receivable and similar income		<u>-</u>	<u>10</u>
		481,444	(138,954)
Interest payable and similar expenses	8	<u>(45,301)</u>	<u>(20,874)</u>
PROFIT/(LOSS) BEFORE TAXATION		436,143	(159,828)
Tax on profit/(loss)	9	<u>(89,815)</u>	<u>34,666</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>346,328</u>	<u>(125,162)</u>

The notes form part of these financial statements

**Other Comprehensive Income
for the Year Ended 31st March 2017**

	Notes	2017 £	2016 £
PROFIT/(LOSS) FOR THE YEAR		346,328	(125,162)
OTHER COMPREHENSIVE INCOME			
Purchase of own shares		(133,333)	(403,334)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(133,333)</u>	<u>(403,334)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>212,995</u>	<u>(528,496)</u>

West Scottish Lamb Limited (Registered number: 04450315)

Balance Sheet
31st March 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	11	647,460	637,665
CURRENT ASSETS			
Stocks	12	706,078	571,035
Debtors	13	4,312,641	4,076,429
Cash at bank		<u>47,898</u>	<u>146,863</u>
		5,066,617	4,794,327
CREDITORS			
Amounts falling due within one year	14	<u>(4,711,687)</u>	<u>(4,622,765)</u>
NET CURRENT ASSETS		<u>354,930</u>	<u>171,562</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,002,390	809,227
CREDITORS			
Amounts falling due after more than one year	15	(22,814)	(71,537)
PROVISIONS FOR LIABILITIES	20	<u>(79,268)</u>	<u>(30,377)</u>
NET ASSETS		<u>900,308</u>	<u>707,313</u>
CAPITAL AND RESERVES			
Called up share capital	21	209,915	214,009
Capital redemption reserve	22	90,205	86,111
Retained earnings	22	<u>600,188</u>	<u>407,193</u>
SHAREHOLDERS' FUNDS		<u>900,308</u>	<u>707,313</u>

The financial statements were approved and authorised for issue by the Board of Directors on 21st December 2017 and were signed on its behalf by:

D Burton - Director

**Statement of Changes in Equity
for the Year Ended 31st March 2017**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st April 2015	300,120	935,689	-	1,235,809
Changes in equity				
Issue of share capital	(86,111)	-	-	(86,111)
Total comprehensive income	-	(528,496)	86,111	(442,385)
Balance at 31st March 2016	<u>214,009</u>	<u>407,193</u>	<u>86,111</u>	<u>707,313</u>
Changes in equity				
Issue of share capital	(4,094)	-	-	(4,094)
Dividends	-	(20,000)	-	(20,000)
Total comprehensive income	-	212,995	4,094	217,089
Balance at 31st March 2017	<u>209,915</u>	<u>600,188</u>	<u>90,205</u>	<u>900,308</u>

**Cash Flow Statement
for the Year Ended 31st March 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	(527,642)	(126,923)
Interest paid		(39,318)	(11,777)
Interest element of hire purchase payments paid		(5,983)	(9,097)
Net cash from operating activities		<u>(572,943)</u>	<u>(147,797)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(106,240)	(149,480)
Sale of tangible fixed assets		2,600	22,500
Interest received		-	10
Net cash from investing activities		<u>(103,640)</u>	<u>(126,970)</u>
Cash flows from financing activities			
Capital repayments in year		(72,722)	(16,974)
Amount introduced by directors		20,000	-
Share buyback		(133,333)	(403,334)
Equity dividends paid		(20,000)	-
Net cash from financing activities		<u>(206,055)</u>	<u>(420,308)</u>
Decrease in cash and cash equivalents		<u>(882,638)</u>	<u>(695,075)</u>
Cash and cash equivalents at beginning of year	2	(915,725)	(220,650)
Cash and cash equivalents at end of year	2	<u>(1,798,363)</u>	<u>(915,725)</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31st March 2017

1. **RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	£	£
Profit/(loss) before taxation	436,143	(159,828)
Depreciation charges	91,346	92,833
Loss on disposal of fixed assets	2,500	5,027
Finance costs	45,301	20,874
Finance income	-	(10)
	<u>575,290</u>	<u>(41,104)</u>
Increase in stocks	(135,043)	(362,301)
Increase in trade and other debtors	(236,212)	(808,453)
(Decrease)/increase in trade and other creditors	<u>(731,677)</u>	<u>1,084,935</u>
Cash generated from operations	<u>(527,642)</u>	<u>(126,923)</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	47,898	146,863
Bank overdrafts	<u>(1,846,261)</u>	<u>(1,062,588)</u>
	<u>(1,798,363)</u>	<u>(915,725)</u>

Year ended 31st March 2016

	31.3.16	1.4.15
	£	£
Cash and cash equivalents	146,863	247,807
Bank overdrafts	<u>(1,062,588)</u>	<u>(468,457)</u>
	<u>(915,725)</u>	<u>(220,650)</u>

Notes to the Financial Statements
for the Year Ended 31st March 2017

1. STATUTORY INFORMATION

West Scottish Lamb Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Depreciation and Amortisation charges in accordance with the accounting policies stated below.
Provision for bad debt.

Turnover

Turnover represents the net invoiced sales of meat, services and by-products during the financial year under review excluding value added tax. With respect to sales of meat products, revenue is recognised based on date of despatch to customers.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 4% on cost
Plant and machinery	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 15% on reducing balance

Amounts written off each asset over the estimated useful life represent cost less residual value.

Stocks

Livestock is valued at specific invoiced cost. Meat stocks and skins & hides are valued at a discounted retail value to best approximate cost except in rare cases where the net realisable value is lower, in which case net realisable value would be used. Consumables are valued at the lower of cost and net realisable value on a first in, first out basis.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Assets and liabilities in foreign currencies have been translated into sterling at the rate available to the company from its bank at the period end date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Invoice financing

The company use Invoice Financing through RBS Invoice Finance Limited to accelerate the receipt of funds due from debtors. No rights are transferred to the finance provider, all benefits and risks remain with the company and all finance is potentially repayable therefore linked presentation is not appropriate. Accordingly debtors are disclosed in full within the balance sheet and the associated finance is included within creditors due within one year.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for the sale of services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price and represent the full value of the services charged to customers, including any amounts charged on for third parties.

Trade Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date they are presented as non current liabilities.

Borrowings

Interest bearing borrowings are initially recorded at fair value, net of transaction costs. Interest bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transactions costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Exceptional items - derivative liability

As described in Note 7 the company was required by FRS102 to revalue the currency forward contracts at the comparative year end. Whilst the change in requirements of FRS102 from those of the previous UK GAAP was not in itself exceptional, the creation of what was clearly a material currency provision was considered sufficiently fundamental to the understanding of the financial statements that it required separate disclosure on the face of the statutory income statement.

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

3. TURNOVER

The turnover and profit (2016 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2017 £	2016 £
Sale of goods	40,546,803	36,316,519
Rendering of services	59,175	70,066
	<u>40,605,978</u>	<u>36,386,585</u>

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	8,932,783	8,898,309
Europe	31,673,195	27,488,276
	<u>40,605,978</u>	<u>36,386,585</u>

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	1,745,976	1,683,991
Social security costs	150,713	129,949
Other pension costs	11,654	10,450
	<u>1,908,343</u>	<u>1,824,390</u>

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

	2017	2016
Directors	1	1
Management staff	4	3
Administrative staff	3	3
Production staff	77	78
	<u>85</u>	<u>85</u>

5. DIRECTORS' EMOLUMENTS

	2017 £	2016 £
Directors' remuneration	23,952	31,195
Compensation to director for loss of office	-	30,000

The total remuneration in respect of key management personnel is the same as that of director's remuneration.

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

6. OPERATING PROFIT

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

	2017	2016
	£	£
Hire of plant and machinery	19,108	13,619
Depreciation - owned assets	70,675	61,136
Depreciation - assets on hire purchase contracts	20,670	31,698
Loss on disposal of fixed assets	2,500	5,027
Auditors' remuneration	15,000	13,500
Foreign exchange differences	<u>466,117</u>	<u>(235,038)</u>

7. EXCEPTIONAL ITEMS - DERIVATIVE LIABILITY

	2017	2016
	£	£
Exceptional currency provision	<u>-</u>	<u>(384,801)</u>

At the comparative year end the company had 8.2m Euros of Forward Contracts in place at rates ranging between 1.2695 and 1.3809. FRS 102 required that these forward contracts be revalued at year end based on the forward contract rate available from the respective currency dealers at that time which was mostly 1.2625). As a result, a Derivative Liability was brought into the balance sheet amounting to £384,801. Under previous UK GAAP this liability would not have been recognised at the balance sheet date and would instead have been recognised when it crystallised. This value represented a material sum and effectively turned a trading profit for the year into a loss. As a result, and to aid comparison of the figures between financial years, it was separately disclosed as an Exceptional Item.

At 31st March 2017 a relatively small derivative asset of £27,965. This asset was not deemed exceptional and was not therefore disclosed separately to the normal exchange rate gains and losses.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest & discounting	39,318	11,777
Hire purchase	<u>5,983</u>	<u>9,097</u>
	<u>45,301</u>	<u>20,874</u>

9. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	40,925	-
Deferred tax	<u>48,890</u>	<u>(34,666)</u>
Tax on profit/(loss)	<u>89,815</u>	<u>(34,666)</u>

UK corporation tax has been charged at 20% (2016 - 20%).

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

9. **TAXATION - continued**

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit/(loss) before tax	<u>436,143</u>	<u>(159,828)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	87,229	(31,966)
Effects of:		
Expenses not deductible for tax purposes	489	419
Capital allowances in excess of depreciation	(4,436)	(5,810)
Utilisation of tax losses	(42,357)	42,357
Movement on non-specific provisions	-	(5,000)
Deferred taxation	<u>48,890</u>	<u>(34,666)</u>
Total tax charge/(credit)	<u>89,815</u>	<u>(34,666)</u>

Tax effects relating to effects of other comprehensive income

	2017 Gross £	Tax £	Net £
Purchase of own shares	<u>(133,333)</u>	-	<u>(133,333)</u>
	2016 Gross £	Tax £	Net £
Purchase of own shares	<u>(403,334)</u>	-	<u>(403,334)</u>

10. **DIVIDENDS**

	2017 £	2016 £
"A" Ordinary shares of £1 each Interim	10,000	-
"C" Ordinary shares of £1 each Interim	<u>10,000</u>	-
	<u>20,000</u>	-

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

11. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1st April 2016	318,028	1,152,457	5,401
Additions	9,965	93,325	-
At 31st March 2017	<u>327,993</u>	<u>1,245,782</u>	<u>5,401</u>
DEPRECIATION			
At 1st April 2016	137,507	763,291	5,401
Charge for year	12,404	65,073	-
Eliminated on disposal	-	-	-
At 31st March 2017	<u>149,911</u>	<u>828,364</u>	<u>5,401</u>
NET BOOK VALUE			
At 31st March 2017	<u>178,082</u>	<u>417,418</u>	<u>-</u>
At 31st March 2016	<u>180,521</u>	<u>389,166</u>	<u>-</u>

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1st April 2016	108,195	144,900	1,728,981
Additions	2,750	200	106,240
Disposals	(6,250)	-	(6,250)
At 31st March 2017	<u>104,695</u>	<u>145,100</u>	<u>1,828,971</u>
DEPRECIATION			
At 1st April 2016	66,653	118,464	1,091,316
Charge for year	9,875	3,993	91,345
Eliminated on disposal	(1,150)	-	(1,150)
At 31st March 2017	<u>75,378</u>	<u>122,457</u>	<u>1,181,511</u>
NET BOOK VALUE			
At 31st March 2017	<u>29,317</u>	<u>22,643</u>	<u>647,460</u>
At 31st March 2016	<u>41,542</u>	<u>26,436</u>	<u>637,665</u>

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

11. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1st April 2016	197,094	96,245	293,339
Transfer to ownership	-	(96,245)	(96,245)
At 31st March 2017	<u>197,094</u>	<u>-</u>	<u>197,094</u>
DEPRECIATION			
At 1st April 2016	59,289	63,762	123,051
Charge for year	20,670	-	20,670
Transfer to ownership	-	(63,762)	(63,762)
At 31st March 2017	<u>79,959</u>	<u>-</u>	<u>79,959</u>
NET BOOK VALUE			
At 31st March 2017	<u>117,135</u>	<u>-</u>	<u>117,135</u>
At 31st March 2016	<u>137,805</u>	<u>32,483</u>	<u>170,288</u>

12. STOCKS

	2017 £	2016 £
Meat stock	178,604	271,859
Livestock	366,950	206,960
Consumables	45,830	11,579
Skins & hides	<u>114,694</u>	<u>80,637</u>
	<u>706,078</u>	<u>571,035</u>

Stock recognised in cost of sales for the year as an expense was £33,709,580 (2016 - £30,594,740).

At 31 March 2017 the total value of stock pledged as security for liabilities as part of the floating charge over all the assets of the company was £706,079 (2016 - £571,035).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	3,994,907	3,767,114
Loans	19,651	6,370
Other debtors	-	16,099
Derivative asset	27,965	-
Tax	9,378	9,378
VAT	136,063	148,721
Prepayments	<u>124,677</u>	<u>128,747</u>
	<u>4,312,641</u>	<u>4,076,429</u>

Confidential Invoice Financing is provided by arrangement with RBS Invoice Finance Limited. At 31st March, 2017 - £3,077,124 (2016 - £2,412,739) of the Trade debtors have been financed in such a manner.

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 16)	1,846,261	1,062,588
Hire purchase contracts (see note 17)	48,723	72,722
Trade creditors	2,472,652	2,835,050
Tax	40,925	-
Social security and other taxes	46,034	37,786
Net wages	33,178	30,845
Directors' current accounts	20,000	-
Accrued expenses	203,914	198,973
Derivative liability	-	384,801
	<u>4,711,687</u>	<u>4,622,765</u>

Included within the figure for bank loans and overdrafts is £1,726,847 owing to RBS Invoice Finance Limited in respect of invoice financing (2016 - £342,089).

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

	2017	2016
	£	£
Hire purchase contracts (see note 17)	<u>22,814</u>	<u>71,537</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,846,261</u>	<u>1,062,588</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	48,723	72,722
Between one and five years	<u>22,814</u>	<u>71,537</u>
	<u>71,537</u>	<u>144,259</u>
	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	17,387	22,832
Between one and five years	<u>20,149</u>	<u>24,500</u>
	<u>37,536</u>	<u>47,332</u>

The company is committed to paying £1,000 per week rent for its premises plus a fixed amount per animal slaughtered. Based on historic levels of throughput this will amount to approximately £100,000 per annum. There is no formal lease agreement in place. However, in practice it has usually simply paid the headlease direct to Carlisle City Council (currently £35,240 per annum) with additional rent being waived by the directors who possess the leasehold.

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

18. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank overdrafts	1,846,261	1,062,588
Hire purchase contracts	<u>71,537</u>	<u>144,259</u>
	<u>1,917,798</u>	<u>1,206,847</u>

The bank overdraft is secured by a debenture dated 27th September 2004 incorporating a legal mortgage, fixed charges and floating charges over all of the assets of the company.

The hire purchase creditors are secured against the assets so financed.

19. FINANCIAL INSTRUMENTS

The carrying amounts of the company's financial instruments are as follows:

	2017	2016
Financial assets		
Measured at fair value through profit or loss:		
Derivative financial instruments	<u>£27,965</u>	<u>£Nil</u>
Debt instruments measured at amortised cost:		
Trade debtors	3,994,907	3,767,114
Loans	19,651	6,370
Other debtors	-	16,099
Total	<u>£4,014,558</u>	<u>£3,789,583</u>
Financial liabilities		
Measured at fair value through profit or loss:		
Derivative financial instruments	<u>£Nil</u>	<u>£384,801</u>
Measured at amortised cost:		
Bank overdrafts	1,846,261	1,062,588
Trade creditors	2,472,652	2,835,050
Hire purchase creditors	71,537	144,258
Net wages	33,178	30,845
Accrued expenses	203,914	198,973
Directors' current accounts	20,000	-
Total	<u>£4,647,542</u>	<u>£4,271,714</u>

20. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax	<u>79,268</u>	<u>30,377</u>
		Deferred tax
		£
Balance at 1st April 2016		30,377
Charge to Income Statement during year		<u>48,891</u>
Balance at 31st March 2017		<u>79,268</u>

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

20. PROVISIONS FOR LIABILITIES - continued

At 31st March 2017 the provision for deferred taxation arises entirely as a result of accelerated capital allowances.

At 31st March 2016 the provision for deferred taxation arises as a result of a liability due to accelerated capital allowances of £72,734, net of a deferred tax asset on available tax losses carried forward of £42,357.

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
40	"A" Ordinary	£1	40	40
2	"B" Ordinary	£1	2	13
(2016 - 13)				
40	"C" Ordinary	£1	40	40
209,833	"E" Ordinary	£1	209,833	213,916
(2016 - 213,916)				
			<u>209,915</u>	<u>214,009</u>

The "A" Ordinary, "B" Ordinary and "C" Ordinary classes of shares rank *pari passu*. The "E" Ordinary shares of £1 each have no voting or dividend rights and are redeemable at par.

On 11th March 2016 the company entered into an arrangement to buy back all of the "B" Ordinary shares at £11,750 per share and 100,000 of the "E" Ordinary shares at £1 per share. This transaction was to be completed in four separate tranches, the first of which took place on 11th March 2016 and the second on 31st March 2016. The 3rd tranches took place on 31st March 2017 the final tranche is due to be completed on 31st March 2018. From 11th March 2016 the "B" Ordinary shares ceased to have any voting rights.

On 31st March 2017 11 "B" Ordinary shares and 4,083 "E" Ordinary shares were bought back.

	2017
"B" Ordinary shares	
At 1 April 2016	13
Share buy back 31 March 2017	(11)
At 31 March 2017	2
"E" Ordinary shares	
At 1 April 2016	213,916
Share buy back 31 March 2017	(4,083)
At 31 March 2017	209,833

22. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st April 2016	407,193	86,111	493,304
Profit for the year	346,328		346,328
Dividends	(20,000)		(20,000)
Purchase of own shares	(133,333)	4,094	(129,239)
At 31st March 2017	<u>600,188</u>	<u>90,205</u>	<u>690,393</u>

Notes to the Financial Statements - continued
for the Year Ended 31st March 2017

23. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31st March 2017 and 31st March 2016:

	2017 £	2016 £
D Burton		
Balance outstanding at start of year	2,065	2,671
Amounts advanced	-	1,703
Amounts repaid	-	(2,309)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>2,065</u>	<u>2,065</u>

24. **RELATED PARTY DISCLOSURES**

During the year, total dividends of £20,000 were paid to the directors .

During the year under review, the company made purchases totalling £1,079,257 (2016 - £2,185,199) from directors.

At 31st March 2017 the sum of £210,175 (2016 - £153,162) was owing to directors as Trade Creditors. In addition, Accruals of £20,000 (2016 - £10,000) and Loans of £20,000 (2016 - £Nil) were also owed to directors.

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