

REGISTERED NUMBER: 04450315 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31st March 2018
for
West Scottish Lamb Limited

Contents of the Financial Statements
for the Year Ended 31st March 2018

	Page
Company Information	1
Strategic Report	2 to 3
Report of the Directors	4
Report of the Independent Auditors	5 to 6
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13 to 22

West Scottish Lamb Limited
Company Information
for the Year Ended 31st March 2018

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 2018

The directors present their strategic report for the year ended 31st March 2018.

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 delighted with the results. Turnover has increased from £40.6m to £44.2m. They have continued the policy of concentrating mainly on lamb sales whilst focusing on increasing domestic sales as a percentage of the total. 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 has not changed significantly over the year, remaining between 1.15€ to 1.20€. The low rate has been good for export trade.

Gross profits during the year under review have risen from £2.4m to £3.1m. Gross profit percentage has increased from 6.0% to 7.0%. Bottom line profit before tax is increased from £436k to £771k. 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 2018

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. The company is continuing to closely monitor developments as the UK moves closer to 'Brexit' which may have significant ramifications for the company's future markets.

SIGNED BY ORDER OF THE DIRECTORS:

D Burton - Director

1st October 2018

**Report of the Directors
for the Year Ended 31st March 2018**

The directors present their report with the financial statements of the company for the year ended 31st March 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2017 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

1st October 2018

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

Opinion

We have audited the financial statements of West Scottish Lamb Limited (the 'company') for the year ended 31st March 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement 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 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 31st March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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.

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

Responsibilities of directors

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, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 Report of the Auditors.

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 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.

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

1st October 2018

Income Statement
for the Year Ended 31st March 2018

	Notes	2018 £	2017 £
TURNOVER	3	44,204,189	40,605,978
Cost of sales		<u>(41,093,456)</u>	<u>(38,167,258)</u>
GROSS PROFIT		3,110,733	2,438,720
Administrative expenses		<u>(2,312,542)</u>	<u>(1,992,081)</u>
		798,191	446,639
Other operating income		<u>31,188</u>	<u>34,805</u>
OPERATING PROFIT	6	829,379	481,444
Interest payable and similar expenses	7	<u>(61,906)</u>	<u>(45,301)</u>
PROFIT BEFORE TAXATION		767,473	436,143
Tax on profit	8	<u>(144,419)</u>	<u>(89,815)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>623,054</u>	<u>346,328</u>

The notes form part of these financial statements

**Other Comprehensive Income
for the Year Ended 31st March 2018**

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		623,054	346,328
OTHER COMPREHENSIVE INCOME			
Purchase of own shares		(33,333)	(133,333)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(33,333)</u>	<u>(133,333)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>589,721</u>	<u>212,995</u>

The notes form part of these financial statements

West Scottish Lamb Limited (Registered number: 04450315)

Balance Sheet
31st March 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	10	731,894	647,460
CURRENT ASSETS			
Stocks	11	413,961	706,078
Debtors	12	4,683,836	4,312,641
Cash at bank		<u>136,966</u>	<u>47,898</u>
		5,234,763	5,066,617
CREDITORS			
Amounts falling due within one year	13	<u>(4,375,929)</u>	<u>(4,711,687)</u>
NET CURRENT ASSETS		<u>858,834</u>	<u>354,930</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,590,728	1,002,390
CREDITORS			
Amounts falling due after more than one year	14	(14,872)	(22,814)
PROVISIONS FOR LIABILITIES	19	<u>(85,827)</u>	<u>(79,268)</u>
NET ASSETS		<u>1,490,029</u>	<u>900,308</u>
CAPITAL AND RESERVES			
Called up share capital	20	200,080	209,915
Capital redemption reserve	21	100,040	90,205
Retained earnings	21	<u>1,189,909</u>	<u>600,188</u>
SHAREHOLDERS' FUNDS		<u>1,490,029</u>	<u>900,308</u>

The financial statements were approved and authorised for issue by the Board of Directors on 1st October 2018 and were signed on its behalf by:

D Burton - Director

Statement of Changes in Equity
for the Year Ended 31st March 2018

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st April 2016	214,009	407,193	86,111	707,313
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>
Changes in equity				
Issue of share capital	(9,835)	-	-	(9,835)
Total comprehensive income	-	589,721	9,835	599,556
Balance at 31st March 2018	<u>200,080</u>	<u>1,189,909</u>	<u>100,040</u>	<u>1,490,029</u>

**Cash Flow Statement
for the Year Ended 31st March 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,156,965	(527,642)
Interest paid		(54,932)	(39,318)
Interest element of hire purchase payments paid		(6,974)	(5,983)
Tax paid		(31,422)	-
Net cash from operating activities		<u>1,063,637</u>	<u>(572,943)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(150,308)	(106,240)
Sale of tangible fixed assets		6,000	2,600
Net cash from investing activities		<u>(144,308)</u>	<u>(103,640)</u>
Cash flows from financing activities			
Capital repayments in year		(59,135)	(72,722)
Amount introduced by directors		-	20,000
Amount withdrawn by directors		(20,000)	-
Share buyback		(33,333)	(133,333)
Equity dividends paid		-	(20,000)
Net cash from financing activities		<u>(112,468)</u>	<u>(206,055)</u>
Increase/(decrease) in cash and cash equivalents		<u>806,861</u>	<u>(882,638)</u>
Cash and cash equivalents at beginning of year	2	(1,798,363)	(915,725)
Cash and cash equivalents at end of year	2	<u>(991,502)</u>	<u>(1,798,363)</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31st March 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	767,473	436,143
Depreciation charges	95,793	91,346
(Profit)/loss on disposal of fixed assets	(414)	2,500
Finance costs	61,906	45,301
	<u>924,758</u>	<u>575,290</u>
Decrease/(increase) in stocks	292,117	(135,043)
Increase in trade and other debtors	(380,573)	(236,212)
Increase/(decrease) in trade and other creditors	320,663	(731,677)
Cash generated from operations	<u><u>1,156,965</u></u>	<u><u>(527,642)</u></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 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	136,966	47,898
Bank overdrafts	<u>(1,128,468)</u>	<u>(1,846,261)</u>
	<u><u>(991,502)</u></u>	<u><u>(1,798,363)</u></u>

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><u>(1,798,363)</u></u>	<u><u>(915,725)</u></u>

Notes to the Financial Statements
for the Year Ended 31st March 2018

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 2018

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.

Notes to the Financial Statements - continued
for the Year Ended 31st March 2018

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

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

	2018 £	2017 £
Sale of goods	43,965,358	40,546,803
Rendering of services	238,831	59,175
	<u>44,204,189</u>	<u>40,605,978</u>

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
United Kingdom	11,275,812	8,932,783
Europe	32,928,377	31,673,195
	<u>44,204,189</u>	<u>40,605,978</u>

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	1,996,780	1,745,976
Social security costs	179,231	150,713
Other pension costs	13,382	11,654
	<u>2,189,393</u>	<u>1,908,343</u>

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

	2018	2017
Directors	1	1
Management staff	3	4
Administrative staff	4	3
Production staff	84	77
	<u>92</u>	<u>85</u>

5. DIRECTORS' EMOLUMENTS

	2018 £	2017 £
Directors' remuneration	<u>95,013</u>	<u>23,952</u>

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 2018

6. OPERATING PROFIT

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

	2018	2017
	£	£
Hire of plant and machinery	19,421	19,108
Depreciation - owned assets	74,683	70,675
Depreciation - assets on hire purchase contracts	21,110	20,670
(Profit)/loss on disposal of fixed assets	(414)	2,500
Auditors' remuneration	14,000	15,000
Foreign exchange differences	<u>396,368</u>	<u>466,117</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest & discounting	54,932	39,318
Hire purchase	<u>6,974</u>	<u>5,983</u>
	<u>61,906</u>	<u>45,301</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	137,985	40,925
Interest	<u>(125)</u>	<u>-</u>
Total current tax	<u>137,860</u>	<u>40,925</u>
Deferred tax	<u>6,559</u>	<u>48,890</u>
Tax on profit	<u>144,419</u>	<u>89,815</u>

UK corporation tax has been charged at 19% (2017 - 20%).

Reconciliation of total tax charge included in profit and loss

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

	2018	2017
	£	£
Profit before tax	<u>767,473</u>	<u>436,143</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	145,820	87,229
Effects of:		
Expenses not deductible for tax purposes	548	489
Capital allowances in excess of depreciation	(8,383)	(4,436)
Utilisation of tax losses provisions	-	(42,357)
Deferred taxation	6,559	48,890
Corporation tax interest	<u>(125)</u>	<u>-</u>
Total tax charge	<u>144,419</u>	<u>89,815</u>

Notes to the Financial Statements - continued
for the Year Ended 31st March 2018

8. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2018 Tax £	Net £
Purchase of own shares	<u>(33,333)</u>	<u>-</u>	<u>(33,333)</u>
	Gross £	2017 Tax £	Net £
Purchase of own shares	<u>(133,333)</u>	<u>-</u>	<u>(133,333)</u>

9. DIVIDENDS

	2018 £	2017 £
"A" Ordinary shares of £1 each Interim	-	10,000
"C" Ordinary shares of £1 each Interim	<u>-</u>	<u>10,000</u>
	<u>-</u>	<u>20,000</u>

10. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1st April 2017	327,993	1,245,782	5,401
Additions	61,450	119,486	-
Disposals	-	(15,828)	-
At 31st March 2018	<u>389,443</u>	<u>1,349,440</u>	<u>5,401</u>
DEPRECIATION			
At 1st April 2017	149,911	828,364	5,401
Charge for year	13,178	71,556	-
Eliminated on disposal	-	(10,968)	-
At 31st March 2018	<u>163,089</u>	<u>888,952</u>	<u>5,401</u>
NET BOOK VALUE			
At 31st March 2018	<u>226,354</u>	<u>460,488</u>	<u>-</u>
At 31st March 2017	<u>178,082</u>	<u>417,418</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31st March 2018

10. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1st April 2017	104,695	145,100	1,828,971
Additions	-	4,877	185,813
Disposals	(2,500)	-	(18,328)
At 31st March 2018	<u>102,195</u>	<u>149,977</u>	<u>1,996,456</u>
DEPRECIATION			
At 1st April 2017	75,378	122,457	1,181,511
Charge for year	7,272	3,787	95,793
Eliminated on disposal	(1,774)	-	(12,742)
At 31st March 2018	<u>80,876</u>	<u>126,244</u>	<u>1,264,562</u>
NET BOOK VALUE			
At 31st March 2018	<u>21,319</u>	<u>23,733</u>	<u>731,894</u>
At 31st March 2017	<u>29,317</u>	<u>22,643</u>	<u>647,460</u>

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

	Plant and machinery £
COST	
At 1st April 2017	197,094
Additions	35,392
At 31st March 2018	<u>232,486</u>
DEPRECIATION	
At 1st April 2017	79,959
Charge for year	21,110
At 31st March 2018	<u>101,069</u>
NET BOOK VALUE	
At 31st March 2018	<u>131,417</u>
At 31st March 2017	<u>117,135</u>

11. STOCKS

	2018 £	2017 £
Meat stock	132,355	178,604
Livestock	174,721	366,950
Consumables	9,480	45,830
Skins & hides	<u>97,405</u>	<u>114,694</u>
	<u>413,961</u>	<u>706,078</u>

Stock recognised in cost of sales for the year as an expense was £36,329,727 (2017 - £33,709,580).

At 31 March 2018 the total value of stock pledged as security for liabilities as part of the floating charge over all the assets of the company was £413,961 (2017 - £706,078).

Notes to the Financial Statements - continued
for the Year Ended 31st March 2018

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	4,421,378	3,994,907
Loans	17,282	19,651
Derivative asset	18,599	27,965
Tax	-	9,378
VAT	167,876	136,063
Prepayments	58,701	124,677
	<u>4,683,836</u>	<u>4,312,641</u>

Confidential Invoice Financing is provided by arrangement with RBS Invoice Finance Limited. At 31 March 2018 - £3,467,801 (2017 - £3,077,124) of the Trade debtors have been financed in such a manner.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 15)	1,128,468	1,846,261
Hire purchase contracts (see note 16)	33,035	48,723
Trade creditors	2,751,732	2,472,652
Tax	137,985	40,925
Social security and other taxes	93,878	46,034
Net wages	34,673	33,178
Directors' current accounts	-	20,000
Accrued expenses	196,158	203,914
	<u>4,375,929</u>	<u>4,711,687</u>

Included within the figure for bank loans and overdrafts is £1,038,777 owing to RBS Invoice Finance Limited in respect of invoice financing (2017 - £1,726,847).

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

	2018	2017
	£	£
Hire purchase contracts (see note 16)	<u>14,872</u>	<u>22,814</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,128,468</u>	<u>1,846,261</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	33,035	48,723
Between one and five years	<u>14,872</u>	<u>22,814</u>
	<u>47,907</u>	<u>71,537</u>

Notes to the Financial Statements - continued
for the Year Ended 31st March 2018

16. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	19,118	17,387
Between one and five years	<u>23,198</u>	<u>20,149</u>
	<u>42,316</u>	<u>37,536</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.

17. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank overdrafts	1,128,468	1,846,261
Hire purchase contracts	<u>47,907</u>	<u>71,537</u>
	<u>1,176,375</u>	<u>1,917,798</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.

18. FINANCIAL INSTRUMENTS

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

	2018	2017
Financial assets		
Measured at fair value through profit or loss:		
Derivative financial instruments	<u>£18,599</u>	<u>£27,965</u>
Debt instruments measured at amortised cost:		
Trade debtors	4,421,378	3,994,907
Loans	17,282	19,651
Total	<u>£4,438,660</u>	<u>£4,014,558</u>
Financial liabilities		
Measured at amortised cost:		
Bank overdrafts	1,128,468	1,846,261
Trade creditors	2,751,732	2,472,652
Hire purchase creditors	47,907	71,537
Net wages	34,674	33,178
Accrued expenses	196,158	203,914
Directors' current accounts	-	20,000
Total	<u>£4,158,939</u>	<u>£4,647,542</u>

Notes to the Financial Statements - continued
for the Year Ended 31st March 2018

19. **PROVISIONS FOR LIABILITIES**

	2018	2017
	£	£
Deferred tax	<u>85,827</u>	<u>79,268</u>
		Deferred tax
		£
Balance at 1st April 2017		79,268
Charge to Income Statement during year		<u>6,559</u>
Balance at 31st March 2018		<u>85,827</u>

The provision for deferred taxation arises entirely as a result of accelerated capital allowances.

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2018	2017
Number:	Class:	Nominal value:	£	£
40	"A" Ordinary	£1	40	40
NIL	"B" Ordinary	£1	-	2
(2017 - 2)				
40	"C" Ordinary	£1	40	40
209,833	"E" Ordinary	£1	<u>200,000</u>	<u>209,833</u>
			<u>200,080</u>	<u>209,915</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 final one of which took place on 31st March 2018. From 11th March 2016 the "B" Ordinary shares ceased to have any voting rights.

On 31st March 2018 2 "B" Ordinary shares and 9,833 "E" Ordinary shares were bought back.

	2018
"B" Ordinary shares	
At 1 April 2017	2
Share buy back 31 March 2018	(2)
At 31 March 2018	0
"E" Ordinary shares	
At 1 April 2017	209,833
Share buy back 31 March 2018	(9,833)
At 31 March 2018	200,000

Notes to the Financial Statements - continued
for the Year Ended 31st March 2018

21. **RESERVES**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st April 2017	600,188	90,205	690,393
Profit for the year	623,054		623,054
Purchase of own shares	(33,333)	9,835	(23,498)
At 31st March 2018	<u>1,189,909</u>	<u>100,040</u>	<u>1,289,949</u>

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

The following advances and credits to a director subsisted during the years ended 31st March 2018 and 31st March 2017:

	2018 £	2017 £
D Burton		
Balance outstanding at start of year	2,065	2,065
Amounts repaid	(2,065)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>2,065</u>

23. **RELATED PARTY DISCLOSURES**

During the year under review, the company made purchases totalling £1,658,260 (2017 - £1,079,257) from directors.

At 31st March 2018 the sum of £115,582 (2017 - £210,175) was owing to directors as Trade Creditors. In addition, Accruals of £10,000 (2017 - £20,000) and Loans of £Nil (2017 - £20,000) 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.