

Group Strategic Report,
Report of the Directors and
Audited
Consolidated Financial Statements
for the Year Ended
31 December 2019
for
B S Eaton Limited

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for the Year Ended 31 December 2019

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DIRECTORS:

O S C Eaton
S M Eaton

REGISTERED OFFICE:

Coppice Lane
Cheslyn Hay
Walsall
WS6 7EY

REGISTERED NUMBER:

00653789 (England and Wales)

AUDITORS:

Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

Group Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

The directors are pleased with the company's results for the year during what has been another tough trading year.

The directors monitor closely the company's product range and aim to maintain excellent quality along with strong availability and delivery times for all products to customers. The company and its directors strive to achieve excellent customer service to match its quality product range.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal risks are identified as follows;

Credit risk

This refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Cash flow and liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. The Company ensures that there are sufficient levels of cash and cash equivalents to ensure that the Company is, at all times, able to meet its financial commitments as they become due. Liquidity risk is managed by continuous monitoring of forecast and actual cash flows. The Company has one significant interest bearing asset and consequently, its income and cash flows are largely independent of changes in market interest rates. All interest bearing borrowings comprising of directors loans, bank overdrafts and loans from related companies have variable interest rates and are potentially subject to fluctuations in such rates. The Company does not use interest rate swaps or other instruments to manage its interest rate exposure.

Coronavirus

The directors have considered the impact of the current Coronavirus pandemic on the company's operations, with a particular focus on its effect on the company's financial position including the company's income, expenditure and reserves; the company's customers; and the company's employees. They acknowledge the disruption caused by the pandemic to the company's day-to-day operations, but they do not consider this to be cause for material uncertainty in respect to the company's ability to continue as a going concern. The company has and is continuing to develop contingency plans which are being implemented successfully and the company has sufficient cash resources to continue for the foreseeable future, despite the current crisis.

Brexit

The directors have assessed the possible effect on the company of the United Kingdom's departure from the EU trading arrangements and have taken steps to mitigate any disruption. They do not foresee that this will have a major impact on the company's activities or results..

RESULTS

The results for the year are set out on page 6.

The company monitors various key financial and other performance indicators during the year and identifies the following as significant at the year end:

	2020 £	2019 £
Turnover	19,619,098	20,130,113
Operating profit	2,068,674	2,133,589
Profit for the year	1,717,775	1,540,936

B S Eaton Limited (Registered number: 00653789)

Group Strategic Report
for the Year Ended 31 December 2019

FORECASTS AND OUTLOOK

The Directors remain optimistic about future trading prospects for the company despite the difficult and uncertain political environment in which the country is facing at this present time.

ON BEHALF OF THE BOARD:

O S C Eaton - Director

22 December 2020

Report of the Directors
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

DIVIDENDS

An interim dividend of £305.5556 per share was paid on 31 December 2019. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2019 will be £ 1,100,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

O S C Eaton
S M Eaton

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group'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 group's auditors are aware of that information.

AUDITORS

The auditors, Nicklin Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

O S C Eaton - Director

22 December 2020

Opinion

We have audited the financial statements of B S Eaton Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 31 December 2019 and of the group's 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 group 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 group'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 Group 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the 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 group's and the parent 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 group or the parent 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.

Mark Howell FCA (Senior Statutory Auditor)
for and on behalf of Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

22 December 2020

Consolidated Income Statement
for the Year Ended 31 December 2019

		2019	2018
			as restated
	Notes	£	£
TURNOVER		19,619,098	20,130,113
Cost of sales		<u>12,693,468</u>	<u>13,414,912</u>
GROSS PROFIT		6,925,630	6,715,201
Distribution costs		1,310,638	1,239,163
Administrative expenses		<u>3,546,318</u>	<u>3,342,449</u>
		4,856,956	4,581,612
OPERATING PROFIT	4	2,068,674	2,133,589
Income from fixed asset investments		3,408	105
Interest receivable and similar income		<u>26,114</u>	<u>10,996</u>
		29,522	11,101
		2,098,196	2,144,690
Gain/loss on revaluation of assets		<u>123,442</u>	<u>-</u>
		2,221,638	2,144,690
Interest payable and similar expenses	5	<u>86,790</u>	<u>45,314</u>
PROFIT BEFORE TAXATION		2,134,848	2,099,376
Tax on profit	6	<u>417,073</u>	<u>558,440</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,717,775</u>	<u>1,540,936</u>
Profit attributable to:			
Owners of the parent		1,685,915	1,532,607
Non-controlling interests		<u>31,860</u>	<u>8,329</u>
		<u>1,717,775</u>	<u>1,540,936</u>

Consolidated Other Comprehensive Income
for the Year Ended 31 December 2019

	Notes	2019 £	2018 as restated £
PROFIT FOR THE YEAR		1,717,775	1,540,936
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,717,775</u>	
Prior year adjustment			358
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT			<u>1,541,294</u>
Total comprehensive income attributable to:			
Owners of the parent		1,685,915	1,532,965
Non-controlling interests		<u>31,860</u>	<u>8,329</u>
		<u>1,717,775</u>	<u>1,541,294</u>

Consolidated Balance Sheet
31 December 2019

		2019		2018 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		109,724		181,398
Tangible assets	11		3,029,031		3,193,598
Investments	12		-		-
			<u>3,138,755</u>		<u>3,374,996</u>
CURRENT ASSETS					
Stocks	13	3,202,103		2,343,753	
Debtors	14	2,739,919		4,403,099	
Investments	15	2,032,520		1,545,186	
Cash at bank and in hand		<u>1,305,965</u>		<u>1,014,664</u>	
		9,280,507		9,306,702	
CREDITORS					
Amounts falling due within one year	16	<u>5,739,704</u>		<u>6,686,662</u>	
NET CURRENT ASSETS			<u>3,540,803</u>		<u>2,620,040</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,679,558		5,995,036
PROVISIONS FOR LIABILITIES	18		<u>190,000</u>		<u>123,263</u>
NET ASSETS			<u>6,489,558</u>		<u>5,871,773</u>
CAPITAL AND RESERVES					
Called up share capital	19		3,600		3,600
Fair value reserve	20		123,442		-
Capital redemption reserve	20		1,400		1,400
Retained earnings	20		<u>6,405,335</u>		<u>5,942,862</u>
SHAREHOLDERS' FUNDS			6,533,777		5,947,862
NON-CONTROLLING INTERESTS			<u>(44,219)</u>		<u>(76,089)</u>
TOTAL EQUITY			<u>6,489,558</u>		<u>5,871,773</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2020 and were signed on its behalf by:

O S C Eaton - Director

Company Balance Sheet
31 December 2019

		2019		2018 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		3,000,694		3,176,239
Investments	12		<u>173,833</u>		<u>173,833</u>
			<u>3,174,527</u>		<u>3,350,072</u>
CURRENT ASSETS					
Stocks	13	2,377,674		1,507,606	
Debtors	14	3,215,520		4,712,626	
Investments	15	2,032,520		1,545,186	
Cash at bank		<u>1,300,887</u>		<u>902,619</u>	
		8,926,601		8,668,037	
CREDITORS					
Amounts falling due within one year	16	<u>5,105,991</u>		<u>5,726,540</u>	
NET CURRENT ASSETS			<u>3,820,610</u>		<u>2,941,497</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,995,137		6,291,569
PROVISIONS FOR LIABILITIES	18		<u>190,000</u>		<u>123,263</u>
NET ASSETS			<u><u>6,805,137</u></u>		<u><u>6,168,306</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		3,600		3,600
Fair value reserve	20		123,442		-
Capital redemption reserve	20		1,400		1,400
Retained earnings	20		<u>6,676,695</u>		<u>6,163,306</u>
SHAREHOLDERS' FUNDS			<u><u>6,805,137</u></u>		<u><u>6,168,306</u></u>
Company's profit for the financial year			<u><u>1,736,831</u></u>		<u><u>1,581,748</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2020 and were signed on its behalf by:

O S C Eaton - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Fair value reserve £
Balance at 1 January 2018	3,600	5,509,897	-
Prior year adjustment	-	358	-
As restated	3,600	5,510,255	-
Changes in equity			
Dividends	-	(1,100,000)	-
Total comprehensive income	-	1,532,607	-
	3,600	5,942,862	-
Acquisition of non-controlling interest	-	-	-
Balance at 31 December 2018	3,600	5,942,862	-
Changes in equity			
Dividends	-	(1,100,000)	-
Total comprehensive income	-	1,562,473	123,442
Balance at 31 December 2019	3,600	6,405,335	123,442

	Capital redemption reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2018	1,400	5,514,897	(160,497)	5,354,400
Prior year adjustment	-	358	-	358
As restated	1,400	5,515,255	(160,497)	5,354,758
Changes in equity				
Dividends	-	(1,100,000)	-	(1,100,000)
Total comprehensive income	-	1,532,607	8,329	1,540,936
	1,400	5,947,862	(152,168)	5,795,694
Acquisition of non-controlling interest	-	-	76,079	76,079
Balance at 31 December 2018	1,400	5,947,862	(76,089)	5,871,773
Changes in equity				
Dividends	-	(1,100,000)	-	(1,100,000)
Total comprehensive income	-	1,685,915	31,860	1,717,775
Balance at 31 December 2019	1,400	6,533,777	(44,229)	6,489,548

Company Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Fair value reserve £	Capital redemption reserve £	Total equity £
Balance at 1 January 2018	3,600	5,681,558	-	1,400	5,686,558
Changes in equity					
Dividends	-	(1,100,000)	-	-	(1,100,000)
Total comprehensive income	-	1,581,748	-	-	1,581,748
Balance at 31 December 2018	<u>3,600</u>	<u>6,163,306</u>	<u>-</u>	<u>1,400</u>	<u>6,168,306</u>
Changes in equity					
Dividends	-	(1,100,000)	-	-	(1,100,000)
Total comprehensive income	-	1,613,389	123,442	-	1,736,831
Balance at 31 December 2019	<u>3,600</u>	<u>6,676,695</u>	<u>123,442</u>	<u>1,400</u>	<u>6,805,137</u>

Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

		2019	2018
		£	as restated £
Cash flows from operating activities	Notes		
Cash generated from operations	1	3,187,069	2,611,795
Interest paid		(70,032)	(37,651)
Interest element of hire purchase payments paid		(16,758)	(7,663)
Tax paid		(250,000)	(498,273)
Net cash from operating activities		<u>2,850,279</u>	<u>2,068,208</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(2)
Purchase of tangible fixed assets		(926,414)	(1,076,900)
Sale of tangible fixed assets		94,648	14,148
Purchase of current asset investment		(363,892)	-
Sale of current asset investment		-	40,296
Interest received		26,114	10,996
Dividends received		3,408	105
Net cash from investing activities		<u>(1,166,136)</u>	<u>(1,011,357)</u>
Cash flows from financing activities			
New HP facilities in year		325,832	163,636
Capital repayments in year		(618,674)	-
Equity dividends paid		(1,100,000)	(1,100,000)
Net cash from financing activities		<u>(1,392,842)</u>	<u>(936,364)</u>
Increase in cash and cash equivalents		<u>291,301</u>	<u>120,487</u>
Cash and cash equivalents at beginning of year	2	1,014,664	894,177
Cash and cash equivalents at end of year	2	<u>1,305,965</u>	<u>1,014,664</u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

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

	2019	2018 as restated
	£	£
Profit before taxation	2,134,848	2,099,376
Depreciation charges	1,074,173	917,730
Profit on disposal of fixed assets	(6,166)	(1,894)
Gain on revaluation of fixed assets	(123,442)	-
Finance costs	86,790	45,314
Finance income	(29,522)	(11,101)
	<u>3,136,681</u>	<u>3,049,425</u>
(Increase)/decrease in stocks	(858,350)	546,298
Decrease/(increase) in trade and other debtors	1,682,492	(998,143)
(Decrease)/increase in trade and other creditors	(773,754)	14,215
Cash generated from operations	<u><u>3,187,069</u></u>	<u><u>2,611,795</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 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>1,305,965</u>	<u>1,014,664</u>

Year ended 31 December 2018

	31.12.18	1.1.18
	as restated	
	£	£
Cash and cash equivalents	<u>1,014,664</u>	<u>894,177</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.19	Cash flow	At 31.12.19
	£	£	£
Net cash			
Cash at bank and in hand	<u>1,014,664</u>	<u>291,301</u>	<u>1,305,965</u>
	<u>1,014,664</u>	<u>291,301</u>	<u>1,305,965</u>
Liquid resources			
Current asset investments	<u>1,545,186</u>	<u>487,334</u>	<u>2,032,520</u>
	<u>1,545,186</u>	<u>487,334</u>	<u>2,032,520</u>
Debt			
Finance leases	<u>(392,565)</u>	<u>292,842</u>	<u>(99,723)</u>
	<u>(392,565)</u>	<u>292,842</u>	<u>(99,723)</u>
Total	<u><u>2,167,285</u></u>	<u><u>1,071,477</u></u>	<u><u>3,238,762</u></u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2019

1. **STATUTORY INFORMATION**

B S Eaton 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 General Information page.

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.

Associates

Investments in associated undertakings are recognised at transaction price subsequently adjusted to reflect both the group's share of the profit or loss of the associate and the amortisation of implicit goodwill. Implicit goodwill is recognised as the difference between the cost of acquisition and the investor's share of the net identifiable assets of the associate. The amortisation is calculated on the basis of the excess of its fair value over its carrying value at the time the investment was acquired.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill, being the amounts paid in connection with the acquisition of interests in a business in 2015 and subsequent years, is being amortised evenly from the dates of acquisition over its estimated useful life of five years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Domain names are being amortised evenly over its estimated useful life of two years.

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.

Freehold property	- 7.5% on reducing balance
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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.

2. ACCOUNTING POLICIES - continued

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.

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

Current asset investments

Current asset investments are recognised at fair value.

3. EMPLOYEES AND DIRECTORS

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2019 No.	2018 No.
Administration	14	18
Manufacturing	66	71
	<u>80</u>	<u>89</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 4 (2018: 7).

The aggregate payroll costs of the average number of employees were as follows:

	2019	2018
£		
Wages and salaries	4,734,998	4,577,239
Social security costs	410,405	365,783
Other pension costs	13,196	11,638
	<u>5,158,599</u>	<u>4,954,660</u>

Directors emoluments for the year amounted to £1,340,000 (2018: £1,275,000)

The emoluments of the highest paid director were £740,000 (2018: £740,000). Pension contributions paid on behalf of this director were £10,000 (2018: £10,000).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

4. OPERATING PROFIT

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

	2019	2018 as restated
	£	£
Hire of plant and machinery	6,463	8,273
Depreciation - owned assets	927,829	760,084
Depreciation - assets on hire purchase contracts	74,670	34,587
Profit on disposal of fixed assets	(6,166)	(1,894)
Goodwill amortisation	71,674	64,058
Domain names amortisation	-	59,000
Auditors' remuneration	24,725	27,350
Foreign exchange differences	<u>2,115</u>	<u>3,846</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018 as restated
	£	£
Interest payable	70,032	37,651
Hire purchase	<u>16,758</u>	<u>7,663</u>
	<u>86,790</u>	<u>45,314</u>

6. TAXATION

Analysis of the tax charge

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

	2019	2018 as restated
	£	£
Current tax:		
UK corporation tax	361,434	562,896
Prior year overprovision	<u>(11,098)</u>	<u>-</u>
Total current tax	350,336	562,896
Deferred tax	<u>66,737</u>	<u>(4,456)</u>
Tax on profit	<u>417,073</u>	<u>558,440</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

6. **TAXATION - continued**

Reconciliation of total tax charge 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:

	2019 £	2018 as restated £
Profit before tax	<u>2,134,848</u>	<u>2,099,376</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	405,621	398,881
Effects of:		
Expenses not deductible for tax purposes	13,620	-
Income not taxable for tax purposes	(24,102)	-
Capital allowances in excess of depreciation	(40,789)	-
Depreciation in excess of capital allowances	-	39,118
Utilisation of tax losses	(10,598)	-
Other timing differences	21,242	127,435
Capital loss carried forward	-	(2,538)
Deferred tax movement in year	66,737	(4,456)
Research and development relief	<u>(14,658)</u>	-
Total tax charge	<u>417,073</u>	<u>558,440</u>

7. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

8. **DIVIDENDS**

	2019 £	2018 as restated £
Ordinary shares of £1 each		
Interim	<u>1,100,000</u>	<u>1,100,000</u>

9. **PRIOR YEAR ADJUSTMENT**

In 2018 the directors established that the amount of £400,000 paid to Ceminal Limited in previous years which had previously been treated as an investment in that company's shares, was more properly considered to be a loan, and accordingly this amount was reclassified from investments to debtors in the 2018 and 2017 balance sheets, and the movement in profit share and amortisation of notional goodwill amounting to £358 recognized in the 2017 year profit and loss account was reversed in 2018.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 201910. **INTANGIBLE FIXED ASSETS****Group**

	Goodwill £	Domain names £	Totals £
COST			
At 1 January 2019 and 31 December 2019	<u>358,372</u>	<u>118,000</u>	<u>476,372</u>
AMORTISATION			
At 1 January 2019	176,974	118,000	294,974
Amortisation for year	<u>71,674</u>	<u>-</u>	<u>71,674</u>
At 31 December 2019	<u>248,648</u>	<u>118,000</u>	<u>366,648</u>
NET BOOK VALUE			
At 31 December 2019	<u>109,724</u>	<u>-</u>	<u>109,724</u>
At 31 December 2018	<u>181,398</u>	<u>-</u>	<u>181,398</u>

Company

		Domain names £
COST		
At 1 January 2019 and 31 December 2019		<u>118,000</u>
AMORTISATION		
At 1 January 2019 and 31 December 2019		<u>118,000</u>
NET BOOK VALUE		
At 31 December 2019		<u>-</u>
At 31 December 2018		<u>-</u>

During the 2016 year the company purchased certain domain names which it believes will provide future economic benefit. In accordance with the provisions of Financial reporting Standard 102 the company capitalised these costs and has written them off over a 2 year period commencing in the year after purchase.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 201911. **TANGIBLE FIXED ASSETS****Group**

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2019	3,674,323	8,133,465	2,542
Additions	-	188,422	13,155
Disposals	-	(31,591)	-
At 31 December 2019	3,674,323	8,290,296	15,697
DEPRECIATION			
At 1 January 2019	3,125,222	6,772,795	968
Charge for year	145,093	247,567	2,978
Eliminated on disposal	-	(24,499)	-
At 31 December 2019	3,270,315	6,995,863	3,946
NET BOOK VALUE			
At 31 December 2019	404,008	1,294,433	11,751
At 31 December 2018	549,101	1,360,670	1,574

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2019	5,196,639	2,225	17,009,194
Additions	724,837	-	926,414
Disposals	(572,186)	-	(603,777)
At 31 December 2019	5,349,290	2,225	17,331,831
DEPRECIATION			
At 1 January 2019	3,915,105	1,506	13,815,596
Charge for year	606,861	-	1,002,499
Eliminated on disposal	(490,796)	-	(515,295)
At 31 December 2019	4,031,170	1,506	14,302,800
NET BOOK VALUE			
At 31 December 2019	1,318,120	719	3,029,031
At 31 December 2018	1,281,534	719	3,193,598

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 201911. **TANGIBLE FIXED ASSETS - continued****Group**

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

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 January 2019	376,793	543,544	920,337
Additions	-	325,832	325,832
Transfer to ownership	(376,793)	(543,544)	(920,337)
At 31 December 2019	-	325,832	325,832
DEPRECIATION			
At 1 January 2019	7,850	57,704	65,554
Charge for year	-	74,670	74,670
Transfer to ownership	(7,850)	(57,704)	(65,554)
At 31 December 2019	-	74,670	74,670
NET BOOK VALUE			
At 31 December 2019	-	251,162	251,162
At 31 December 2018	368,943	485,840	854,783

Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST				
At 1 January 2019	3,674,323	8,109,467	5,196,639	16,980,429
Additions	-	179,447	724,837	904,284
Disposals	-	(25,260)	(572,186)	(597,446)
At 31 December 2019	3,674,323	8,263,654	5,349,290	17,287,267
DEPRECIATION				
At 1 January 2019	3,125,222	6,764,541	3,914,427	13,804,190
Charge for year	145,093	244,580	606,861	996,534
Eliminated on disposal	-	(23,355)	(490,796)	(514,151)
At 31 December 2019	3,270,315	6,985,766	4,030,492	14,286,573
NET BOOK VALUE				
At 31 December 2019	404,008	1,277,888	1,318,798	3,000,694
At 31 December 2018	549,101	1,344,926	1,282,212	3,176,239

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

11. **TANGIBLE FIXED ASSETS - continued**

Company

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

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 January 2019	376,793	543,544	920,337
Additions	-	325,832	325,832
Transfer to ownership	(376,793)	(543,544)	(920,337)
At 31 December 2019	-	325,832	325,832
DEPRECIATION			
At 1 January 2019	7,850	57,704	65,554
Charge for year	-	74,670	74,670
Transfer to ownership	(7,850)	(57,704)	(65,554)
At 31 December 2019	-	74,670	74,670
NET BOOK VALUE			
At 31 December 2019	-	251,162	251,162
At 31 December 2018	368,943	485,840	854,783

12. **FIXED ASSET INVESTMENTS**

Company

	Shares in group undertakings £
COST	
At 1 January 2019 and 31 December 2019	173,833
NET BOOK VALUE	
At 31 December 2019	173,833
At 31 December 2018	173,833

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

E M Paving Limited

Registered office: Within the United Kingdom

Nature of business: Production of natural stone products

	% holding	2019 £	2018 £
Class of shares: Ordinary 10p	75.00		
Aggregate capital and reserves		(251,669)	(304,354)
Profit for the year		52,628	23,190

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

12. **FIXED ASSET INVESTMENTS - continued**

Great British Cement Limited

Registered office: Within the United Kingdom
Nature of business: Dormant

Class of shares:	% holding	2019	2018
Ordinary £1	100.00	£ <u>100</u>	£ <u>100</u>
Aggregate capital and reserves			

G.B. Cement Limited

Registered office: Within the United Kingdom
Nature of business: Dormant

Class of shares:	% holding	2019	2018
Ordinary £1	100.00	£ <u>100</u>	£ <u>100</u>
Aggregate capital and reserves			

13. **STOCKS**

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Raw materials	36,884	39,968	36,884	39,968
Consumables	148,775	139,803	148,775	139,803
Finished goods	<u>3,016,444</u>	<u>2,163,982</u>	<u>2,192,015</u>	<u>1,327,835</u>
	<u>3,202,103</u>	<u>2,343,753</u>	<u>2,377,674</u>	<u>1,507,606</u>

14. **DEBTORS**

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,209,017	3,166,224	1,999,266	2,834,693
Other debtors	294,220	558,360	1,053,884	606,500
Corporation tax recoverable	19,312	-	-	-
Prepayments and accrued income	<u>217,370</u>	<u>278,515</u>	<u>162,370</u>	<u>121,433</u>
	<u>2,739,919</u>	<u>4,003,099</u>	<u>3,215,520</u>	<u>3,562,626</u>
Amounts falling due after more than one year:				
Other debtors	-	400,000	-	1,150,000
Aggregate amounts	<u>2,739,919</u>	<u>4,403,099</u>	<u>3,215,520</u>	<u>4,712,626</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 201915. **CURRENT ASSET INVESTMENTS**

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Other	<u>2,032,520</u>	<u>1,545,186</u>	<u>2,032,520</u>	<u>1,545,186</u>

The company acquired several cherished motor vehicles from O S C Eaton during the 2016 financial year. Again, during the 2017 year, the company acquired several additional cherished motor vehicles from O S C Eaton at values provided by the Directors and amounting to £547,861. As at the balance sheet date the total fair value of such vehicles was £1,450,377 (2018: £1,450,377).

The company also holds listed company shares as investments in a portfolio with an external stockbroker. The market value of these investments as at the balance sheet date was £582,143 (2018: £94,809). The company has disposed of several of the investments during the year and in accordance with the provisions of Financial Reporting Standard 102 any gain on the fair value movement has been taken to the profit and loss account during the year.

16. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Hire purchase contracts (see note 17)	99,723	392,565	99,723	392,565
Trade creditors	2,359,194	1,809,983	1,761,247	900,953
Corporation tax	682,544	562,896	682,544	562,896
Social security and other taxes	499,727	140,712	499,727	132,742
VAT	163,926	241,221	153,577	241,221
Other creditors	808,580	1,558,411	811,378	1,558,411
Accruals and deferred income	1,055,987	1,980,874	1,027,772	1,937,752
Accrued expenses	<u>70,023</u>	<u>-</u>	<u>70,023</u>	<u>-</u>
	<u>5,739,704</u>	<u>6,686,662</u>	<u>5,105,991</u>	<u>5,726,540</u>

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2019	2018 as restated
	£	£
Net obligations repayable:		
Within one year	<u>99,723</u>	<u>392,565</u>

Company

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	<u>99,723</u>	<u>392,565</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 201918. **PROVISIONS FOR LIABILITIES**

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Deferred tax	<u>190,000</u>	<u>123,263</u>	<u>190,000</u>	<u>123,263</u>
Group				
				Deferred tax
				£
Balance at 1 January 2019				123,263
Increase in provision				<u>66,737</u>
Balance at 31 December 2019				<u>190,000</u>
Company				
				Deferred tax
				£
Balance at 1 January 2019				123,263
Increase in provision				<u>66,737</u>
Balance at 31 December 2019				<u>190,000</u>

19. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2019	2018 as restated
			£	£
3,600	Ordinary	£1	<u>3,600</u>	<u>3,600</u>

20. **RESERVES**

Group				
	Retained earnings	Fair value reserve	Capital redemption reserve	Totals
	£	£	£	£
At 1 January 2019	5,942,862	-	1,400	5,944,262
Profit for the year	1,685,915			1,685,915
Dividends	(1,100,000)			(1,100,000)
Movement during the year	<u>(123,442)</u>	<u>123,442</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>6,405,335</u>	<u>123,442</u>	<u>1,400</u>	<u>6,530,177</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

20. **RESERVES - continued**

Company

	Retained earnings £	Fair value reserve £	Capital redemption reserve £	Totals £
At 1 January 2019	6,163,306	-	1,400	6,164,706
Profit for the year	1,736,831			1,736,831
Dividends	(1,100,000)			(1,100,000)
Movement during the year	(123,442)	123,442	-	-
At 31 December 2019	<u>6,676,695</u>	<u>123,442</u>	<u>1,400</u>	<u>6,801,537</u>

21. **RELATED PARTY DISCLOSURES**

Entities over which the entity has control, joint control or significant influence

	2019 £	2018 as restated £
Amount due from related party	<u>1,019,000</u>	<u>1,019,000</u>

The company made a loan to its subsidiary undertaking, E M Paving Limited, of £750,000 during the year ended 31 December 2015, and an additional loan of £269,000 during the year ended 31 December 2018. These loans are included within other debtors falling due within one year (2018: debtors due after more than one year). The £750,000 loan attracts interest at a rate of 15% per annum. The company received £137,197 interest during the year (2018 : £121,625).

Key management personnel of the entity or its parent (in the aggregate)

	2019 £	2018 as restated £
Remuneration	<u>1,340,000</u>	<u>1,275,000</u>

Included within other creditors "amounts falling due within one year" is a joint directors loan account amounting to £356,664 (2018: £695,861).

Other related parties

	2019 £	2018 as restated £
Amount due to related party	<u>242,213</u>	<u>862,550</u>

Included within other creditors are loans from Tailfin Finance Limited amounting to £242,213 (2018: £862,550). Interest was payable by reference to HMRC's official rate of interest for beneficial loans which for the year under review was 2.5%. Interest payable on the loan amounted to £70,023 (2018: £34,502). Both of the directors of Tailfin Finance Limited were directors of B S Eaton Limited and Mr S M Eaton was also a shareholder of Tailfin Finance Limited.

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