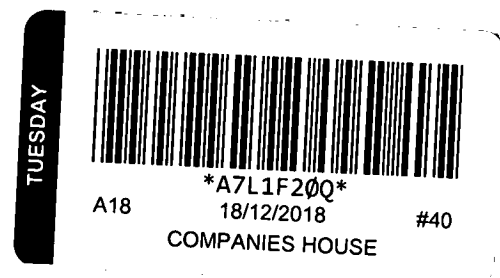


Company Registration No. 01784071 (England and Wales)

HAYMAN GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



!RickardLuckin

HAYMAN GROUP LIMITED

COMPANY INFORMATION

Directors	C Hayman J Hayman M Nevin S Strutt D Birden E Lown	(Appointed 15 May 2018)
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Company number	01784071
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Registered office	Eastways Park Witham Essex CM8 3YE
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Auditor	Rickard Luckin Limited Aquila House Waterloo Lane Chelmsford Essex CM1 1BN
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HAYMAN GROUP LIMITED

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HAYMAN GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report and financial statements for the year ended 31 March 2018.

Principal Activities

The principal activities of the company are:

- i) processing, blending, packaging and marketing of high quality solvents for the pharmaceutical and other industries, laboratory reagents, and
- ii) production, marketing and bottling of alcoholic drinks.

Review of the business

Revenue for the year increased to £38,452,735 from £32,545,810 in the prior year. Pre-Tax profit was £1,699,024 (2017: £1,681,760).

The company achieved an operating margin of 4.7% (2017: 5.6%). Both revenue and operating margin are impacted by the mix of products and services sold. The company is investing and innovating to continually deliver improvements in customer service and operational efficiencies. It is a key focus to control operating costs as margins continue to come under pressure.

A total dividend of £54,047 (£0.05 per share) was paid in the year (2017: £54,047).

Burlington continues to be active in seeking opportunities in the UK and internationally, and the results are encouraging.

Haymankimia operates in a challenging market with fluctuations in pricing and demand. It continues to build strong partnerships throughout the supply chain and to deliver quality and service to its customers.

The company continues to monitor its key performance indicators which cover all areas of the business including safety, operations, sales and other staff related measures.

In regular reviews of strategy, the principal risks facing the business are taken into account. These will include: safety, general economic factors; specific markets and competitive factors; effects of climate change and policy responses to it; the effects of changes in legislation; quality and contamination risks.

Regular audits are carried out by customers and independent third-party organisations, some to maintain appropriate industry accreditations, are an integral component in ensuring that the company's quality standards are maintained and risks are managed appropriately.

Prospects

The current economic outlook remains far from certain, but we have faced the recent challenges and made solid progress in all areas of the business. We maintain our focus on efficiency improvements to strengthen and develop the company in its diverse range of activities, and continue to invest for the future.

On behalf on the Board I would like to thank, everyone in the company for their continued support and hard work, as we continue to change and adapt to meet the needs of our various markets.

HAYMAN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Going concern

The directors are satisfied that Hayman Group Limited has adequate resources to continue to operate in the foreseeable future. For this reason the going concern basis is appropriate for the preparation of the financial statements.

On behalf of the board

.....
C Hayman

Director

9/12/18

A handwritten signature in black ink, appearing to read 'C Hayman', written over a dotted line.

HAYMAN GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Directors

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

C Hayman

J Hayman

M Nevin

S Strutt

D Birden

C Lipscomb

E Lown

(Resigned 31 January 2018)

(Appointed 15 May 2018)

Results and dividends

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

Ordinary dividends were paid amounting to £54,047. The directors do not recommend payment of a final dividend, as in prior years.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Financial instruments

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities, and bank overdrafts and loans, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the company enters into principally comprise forward exchange contracts. In accordance with company's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk

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

Interest rate risk

The company is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company can use interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

Foreign currency risk

The company continues to routinely carry out business denominated in foreign currencies. It remains the company policy to mitigate exchange risks by, as far as possible, matching the currency purchases to that of receipts. The company operates a multi-currency business system which allows more timely control over any gains and losses.

HAYMAN GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

.....
C Hayman
Director

4/12/18



HAYMAN GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HAYMAN GROUP LIMITED

Opinion

We have audited the financial statements of Hayman Group Limited (the 'company') for the year ended 31 March 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 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 Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

HAYMAN GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HAYMAN GROUP LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Amit Popat (Senior Statutory Auditor)
for and on behalf of Rickard Luckin Limited

Chartered Accountants
Statutory Auditor

14/12/2018

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

HAYMAN GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
	Notes	£	as restated £
Turnover	3	38,452,735	32,545,810
Cost of sales		(24,032,345)	(20,681,912)
Gross profit		14,420,390	11,863,898
Administrative expenses		(12,922,137)	(10,341,118)
Other operating income		313,907	313,907
Operating profit	4	1,812,160	1,836,687
Interest receivable and similar income	8	193	285
Interest payable and similar expenses	9	(113,329)	(155,212)
Profit before taxation		1,699,024	1,681,760
Tax on profit	10	(319,644)	(267,496)
Profit for the financial year		1,379,380	1,414,264

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

HAYMAN GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Profit for the year	1,379,380	1,414,264
Other comprehensive income		
Actuarial loss on defined benefit pension schemes	(84,000)	(84,000)
Tax relating to other comprehensive income	-	16,300
Other comprehensive income for the year	(84,000)	(67,700)
Total comprehensive income for the year	1,295,380	1,346,564

HAYMAN GROUP LIMITED

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	13	9,781,665		9,131,630	
Investment properties	14	3,175,530		3,175,530	
Investments	15	1,110		1,110	
		<u>12,958,305</u>		<u>12,308,270</u>	
Current assets					
Stocks	17	2,674,814		2,401,257	
Debtors	19	7,850,787		6,431,249	
Cash at bank and in hand		446,798		1,537,506	
		<u>10,972,399</u>		<u>10,370,012</u>	
Creditors: amounts falling due within one year	20	<u>(8,269,411)</u>		<u>(7,845,174)</u>	
Net current assets		2,702,988		2,524,838	
Total assets less current liabilities		<u>15,661,293</u>		<u>14,833,108</u>	
Creditors: amounts falling due after more than one year	21	(4,568,724)		(4,981,872)	
Provisions for liabilities	24	(410,000)		(410,000)	
Net assets		<u><u>10,682,569</u></u>		<u><u>9,441,236</u></u>	
Capital and reserves					
Called up share capital	27	1,080,943		1,080,943	
Share premium account		280,993		280,993	
Revaluation reserve	28	2,325,315		2,325,315	
Capital redemption reserve		29,064		29,064	
Profit and loss reserves	29	6,966,254		5,724,921	
Total equity		<u><u>10,682,569</u></u>		<u><u>9,441,236</u></u>	

Under section 454 of the Companies Act 2006, on a voluntary basis, the directors can amend these financial statements if they are subsequently proved to be defective.

The financial statements were approved by the board of directors and authorised for issue on 4/12/18 and are signed on its behalf by:


C Hayman
Director


S Strutt
Director

Company Registration No. 01784071

HAYMAN GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2016		1,080,943	280,993	2,309,015	29,064	4,448,704	8,148,719
Year ended 31 March 2017:							
Profit for the year		-	-	-	-	1,414,264	1,414,264
Other comprehensive income:							
Actuarial gains on defined benefit plans		-	-	-	-	(84,000)	(84,000)
Tax relating to other comprehensive income		-	-	16,300	-	-	16,300
Total comprehensive income for the year		-	-	16,300	-	1,330,264	1,346,564
Dividends	11	-	-	-	-	(54,047)	(54,047)
Balance at 31 March 2017		1,080,943	280,993	2,325,315	29,064	5,724,921	9,441,236
Year ended 31 March 2018:							
Profit for the year		-	-	-	-	1,379,380	1,379,380
Other comprehensive income:							
Actuarial gains on defined benefit plans		-	-	-	-	(84,000)	(84,000)
Total comprehensive income for the year		-	-	-	-	1,295,380	1,295,380
Dividends	11	-	-	-	-	(54,047)	(54,047)
Balance at 31 March 2018		1,080,943	280,993	2,325,315	29,064	6,966,254	10,682,569

HAYMAN GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	34	1,058,098		1,676,857	
Interest paid		(113,329)		(155,212)	
Income taxes paid		(325,482)		(160,314)	
Net cash inflow from operating activities		<u>619,287</u>		<u>1,361,331</u>	
Investing activities					
Purchase of tangible fixed assets		(1,286,816)		(180,014)	
Proceeds on disposal of tangible fixed assets		29,751		24,653	
Interest received		193		285	
Net cash used in investing activities		<u>(1,256,872)</u>		<u>(155,076)</u>	
Financing activities					
Repayment of bank loans		(298,992)		(262,084)	
Payment of finance leases obligations		(100,084)		(102,899)	
Dividends paid		(54,047)		(54,047)	
Net cash used in financing activities		<u>(453,123)</u>		<u>(419,030)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(1,090,708)</u>		<u>787,225</u>	
Cash and cash equivalents at beginning of year		1,537,506		750,281	
Cash and cash equivalents at end of year		<u><u>446,798</u></u>		<u><u>1,537,506</u></u>	

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Hayman Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Eastways Park, Witham, Essex, CM8 3YE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Group financial statements have not been prepared as all subsidiaries are dormant and are not material to the group. The financial statements therefore present information about the company as a single entity and not as a group.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

Revenue from commissions is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

With the exception of a freehold property, all other tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

Advantage has been taken of the transitional provisions of FRS102 so that a freehold property is stated in the balance sheet at its deemed cost on transition, being the fair value of the property from the last date of revaluation, less any subsequent depreciation and impairment losses.

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

Land and buildings Freehold	25 to 50 years straight line
Plant and machinery	3 to 25 years straight line
Office equipment	3 to 7 years straight line
Motor vehicles	4 to 10 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Gains or losses arising from changes in the fair value of investment property are included in profit and loss for the period in which they arise.

1.7 Fixed asset investments

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

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

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

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

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other creditors, bank loans and loans from related parties that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

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

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Deferred tax is provided on amounts transferred to or from the revaluation reserve.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

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

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

Any change in the net defined benefit liability or asset, where the company is able to benefit from the asset, is recognised as an expense or income. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

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

1.18 Restatement of profit and loss account

The comparative results in the profit and loss account have been restated to revise the treatment of the duty included within turnover and cost of sales.

Duty receivable was previously shown within turnover, and duty payable was previously shown within cost of sales. These have now been netted off to show the net duty as an expense within cost of sales. The directors feel that this is necessary in order for the financial statements to show a true and fair view.

The effect of this adjustment is to reduce both turnover and cost of sales by £4,368,898 for the year ended 31 March 2017.

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Defined Benefit Pension Scheme

The company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the real and nominal rates of interest used. Actuaries estimate these factors in determining the net pension asset or obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Investment property split

The company rents a proportion of one of its properties to an independent third party. The split of this investment property has been based on the square footage of the property occupied by the third party.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	as restated £
Turnover analysed by class of business		
Income from sale of goods	38,038,432	32,208,108
Commissions	414,303	337,702
	<u>38,452,735</u>	<u>32,545,810</u>
	2018	2017
	£	£
Other significant revenue		
Interest income	193	285
Rental income arising from investment properties	<u>313,907</u>	<u>313,907</u>

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

3 Turnover and other revenue	(Continued)	
	2018	2017 as restated
	£	£
Turnover analysed by geographical market		
United Kingdom	27,754,910	22,526,471
Rest of world	10,697,825	10,019,339
	<u>38,452,735</u>	<u>32,545,810</u>
4 Operating profit		
	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	147,164	(191,326)
Fees payable to the company's auditors for the audit of the company's financial statements	20,250	23,500
Depreciation of owned tangible fixed assets	554,068	443,685
Depreciation of tangible fixed assets held under finance leases	40,487	40,847
Loss on disposal of tangible fixed assets	12,475	16,914
Cost of stocks recognised as an expense	<u>24,032,345</u>	<u>20,681,912</u>
5 Auditors' remuneration		
	2018	2017
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	<u>20,250</u>	<u>23,500</u>
For other services		
All other non-audit services	<u>825</u>	<u>5,865</u>
For services in respect of associated pension schemes		
Audit	<u>4,750</u>	<u>4,750</u>

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6 Employees

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

	2018 Number	2017 Number
Production	72	61
Selling and distribution	11	9
Administration	30	23
	<u>113</u>	<u>93</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	6,099,930	4,939,527
Social security costs	406,178	333,139
Pension costs	262,605	235,178
	<u>6,768,713</u>	<u>5,507,844</u>

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	1,155,187	903,382
Company pension contributions to defined contribution schemes	61,014	53,847
	<u>1,216,201</u>	<u>957,229</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2017 - 6).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 0 (2017 - 0).

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

Remuneration for qualifying services	388,713	257,661
Company pension contributions to defined contribution schemes	28,758	26,537
	<u>417,471</u>	<u>284,198</u>

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	193	285
	<u>193</u>	<u>285</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	193	285
	<u>193</u>	<u>285</u>

9 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	93,580	132,714
Interest on finance leases and hire purchase contracts	19,233	22,087
	<u>112,813</u>	<u>154,801</u>
Other finance costs:		
Other interest	516	411
	<u>113,329</u>	<u>155,212</u>

10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	319,644	319,262
Adjustments in respect of prior periods	-	(2,766)
	<u>319,644</u>	<u>316,496</u>
Deferred tax		
Origination and reversal of timing differences	-	(49,000)
	<u>-</u>	<u>(49,000)</u>
Total tax charge	<u>319,644</u>	<u>267,496</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018 £	2017 £
Deferred tax arising on:		
Revaluation of property	-	(16,300)
	<u>-</u>	<u>(16,300)</u>

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Taxation

(Continued)

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

	2018 £	2017 £
Profit before taxation	1,699,024	1,681,760
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	322,815	336,352
Tax effect of expenses that are not deductible in determining taxable profit	13,850	(9,299)
Permanent capital allowances in excess of depreciation	(1,061)	515
Research and development tax credit	-	(8,306)
Under/(over) provided in prior years	-	(2,766)
Defined benefit scheme adjustments	(15,960)	-
Deferred tax movements	-	(49,000)
Taxation charge for the year	319,644	267,496

11 Dividends

	2018 £	2017 £
Interim paid	54,047	54,047

12 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2017 and 31 March 2018	115,305
Amortisation and impairment	
At 1 April 2017 and 31 March 2018	115,305
Carrying amount	
At 31 March 2018	-
At 31 March 2017	-

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2017	6,545,089	5,458,915	707,471	716,823	13,428,298
Additions	-	1,135,273	135,160	16,383	1,286,816
Disposals	-	-	(24,769)	(74,060)	(98,829)
At 31 March 2018	6,545,089	6,594,188	817,862	659,146	14,616,285
Depreciation and impairment					
At 1 April 2017	174,704	3,095,831	484,104	542,029	4,296,668
Depreciation charged in the year	57,206	369,566	119,331	48,452	594,555
Eliminated in respect of disposals	-	-	(1,538)	(55,065)	(56,603)
At 31 March 2018	231,910	3,465,397	601,897	535,416	4,834,620
Carrying amount					
At 31 March 2018	6,313,179	3,128,791	215,965	123,730	9,781,665
At 31 March 2017	6,370,385	2,363,084	223,367	174,794	9,131,630

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018 £	2017 £
Plant and machinery	732,520	766,367
Motor vehicles	14,000	21,000
	<u>746,520</u>	<u>787,367</u>
Depreciation charge for the year in respect of leased assets	<u>40,487</u>	<u>40,847</u>

The valuation of land and buildings was made as at 31 March 2013 by a firm of independent Chartered Surveyors, on an open market value basis. Advantage has been taken of the transitional provisions of FRS102 so that freehold property is stated in the balance sheet at its deemed cost on transition.

Included within the cost of plant and machinery is £253,361 (2017: £23,230) in respect of assets under construction.

Included in freehold land and buildings is land valued at £3,684,762 (2017: £3,684,762) which is not depreciated.

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13 Tangible fixed assets

(Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018 £	2017 £
Cost	4,040,774	4,040,774
Accumulated depreciation	(231,910)	(174,704)
Carrying value	<u>3,808,864</u>	<u>3,866,070</u>

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

14 Investment property

	2018 £
Fair value	
At 1 April 2017 and 31 March 2018	3,175,530

The investment property comprises a mixed use property that is partially let out to a 3rd party. The fair value of the investment property element has been arrived at on the basis of a valuation carried out on 3 September 2018 by a firm of independent Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

The long term plan for the company is to fully utilise this property as the business grows. The historical costs is the same as the fair value.

15 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	16	1,110	1,110

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Movements in fixed asset investments

	Shares in group undertakings £	Listed investments £	Total £
Cost or valuation			
At 1 April 2017 & 31 March 2018	1,110	50,000	51,110
Impairment			
At 1 April 2017 & 31 March 2018	-	50,000	50,000
Carrying amount			
At 31 March 2018	1,110	-	1,110
At 31 March 2017	1,110	-	1,110

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Aberdour Distillers Limited	Scotland	Dormant	Ordinary	100.00	
Burlington GB Group Limited	England & Wales	Dormant	Ordinary	100.00	
Great British Spirits Limited	England & Wales	Dormant	Ordinary	100.00	
Hayman Distillers Limited	England & Wales	Dormant	Ordinary	100.00	
Kimia International Limited	England & Wales	Dormant	Ordinary	100.00	
Smith and Tyers Limited	England & Wales	Dormant	Ordinary	100.00	
The City of London Gin Company Limited	England & Wales	Dormant	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Aberdour Distillers Limited	-	100
Burlington GB Group Limited	-	2
Great British Spirits Limited	-	2
Hayman Distillers Limited	-	4
Kimia International Limited	-	1,000
Smith and Tyers Limited	-	2
The City of London Gin Company Limited	-	2

The company has a 0.1% investment in Distil Plc, a company registered in England and Wales.

17 Stocks

	2018 £	2017 £
Raw materials and consumables	1,739,552	1,560,388
Finished goods and goods for resale	935,262	840,869
	<u>2,674,814</u>	<u>2,401,257</u>

At the year end a provision for obsolete and damaged stock of £241,112 was made (2017: £181,181). This was charged to cost of sales in the profit and loss account.

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

18 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	7,532,077	6,176,616
Equity instruments measured at cost less impairment	1,110	1,110
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	11,575,888	11,439,250
	<u> </u>	<u> </u>

19 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	7,461,191	6,120,786
Corporation tax recoverable	8,211	6,220
Other debtors	70,886	55,830
Prepayments and accrued income	310,499	248,413
	<u> </u>	<u> </u>
	7,850,787	6,431,249
	<u> </u>	<u> </u>

20 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	22	281,203	270,419
Obligations under finance leases	23	102,711	99,423
Trade creditors		3,445,375	3,737,541
Amounts due to group undertakings		4,124	4,124
Corporation tax		321,635	325,482
Other taxation and social security		940,612	1,062,314
Other creditors		289,350	289,390
Accruals and deferred income		2,884,401	2,056,481
		<u> </u>	<u> </u>
		8,269,411	7,845,174
		<u> </u>	<u> </u>

Included within creditors are some stock and raw materials that are subject to a reservation of title.

Finance leases are secured against the assets to which they relate to.

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

21 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	22	4,444,500	4,754,276
Obligations under finance leases	23	124,224	227,596
		<u>4,568,724</u>	<u>4,981,872</u>

22 Loans and overdrafts

	2018 £	2017 £
Bank loans	4,725,703	5,024,695
Payable within one year	281,203	270,419
Payable after one year	4,444,500	4,754,276

The bank loans and overdrafts of £4,725,703 (2017: £5,024,695) including amounts due after more than one year, are secured by a fixed charge over the freehold properties, book debts, goodwill and other intangible assets and a floating charge on the company's assets. The bank overdraft is repayable on demand.

Included within bank loans is a loan with a balance of £990,939 at the balance sheet date. After the year end, the repayment terms of this loan have been extended for a further 5 years. This loan is repayable by installments at a rate of interest of 1.85% above the base rate. £562,479 of this loan is due in more than 5 years.

23 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	111,015	111,015
In two to five years	126,095	237,110
	<u>237,110</u>	<u>348,125</u>
Less: future finance charges	(10,175)	(21,106)
	<u>226,935</u>	<u>327,019</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 to 7 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

24 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	25	410,000	410,000

25 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	244,680	244,680
Tax losses	(13,680)	(13,680)
Revaluations	179,000	179,000
	<u>410,000</u>	<u>410,000</u>

There were no deferred tax movements in the year.

The deferred tax liability set out above is not expected to reverse within the next 12 months.

26 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £262,605 (2017 - £235,178).

The defined contributions payable to the fund at the year end and included in creditors is £87,207 (2017: £55,080).

Defined benefit schemes

As from 1st April 2003, the company's pension scheme, the Hayman Limited Retirement Benefits Scheme, was amended terminating further accrual of benefits on a defined benefit basis.

The assets of the defined benefit part of the scheme are held separately from those of the company, being invested in managed funds with an investment company.

Valuation

The last full actuarial valuation of the Hayman Limited Retirement Benefit Scheme was carried out as at 31 March 2016 and followed the projected unit actuarial cost method as required by FRS 102.

Funding policy

The expected level of employer contribution for the year to 31 March 2019 is £130,000 (2018: £130,000).

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

26 Retirement benefit schemes

(Continued)

<i>Key assumptions</i>	2018	2017
	%	%
Discount rate	2.69	2.65
Expected rate of increase of pensions in payment	3.14	3.14
Expected rate of salary increases	N/A	N/A
RPI	3.14	3.14
CPI	2.14	2.14
Deferred pension revaluation	2.14	2.14
Expected return on scheme assets	2.69	2.65

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2018	2017
	Years	Years
Retiring today		
- Males	21.8	21.9
- Females	23.7	23.8
Retiring in 20 years		
- Males	22.8	23
- Females	24.9	25

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on net redemption yields at the balance sheet date whilst the expected returns on equity and property investments reflect the long-term real rates of return experiences in the respective markets.

Amounts recognised in the profit and loss account

	2018	2017
	£'000	£'000
Administration costs	46	46
Total pension cost recognised in the profit and loss account	46	46

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

26 Retirement benefit schemes

(Continued)

Amounts taken to other comprehensive income

	2018 £'000	2017 £'000
Actual return on scheme assets	149	506
Less: calculated interest element	(125)	(155)
Actual return on scheme assets excluding interest income	24	351
Actuarial gains and losses	67	(671)
Change in assets not recognised due to change in surplus limitation	(174)	236
Remeasurement gains and losses recognised in other comprehensive income	(84)	(84)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2018 £'000	2017 £'000
Present value of defined benefit obligations	(4,538)	(4,691)
Fair value of plan assets	4,809	4,784
Surplus/(deficit) in the scheme	271	93
Asset not recognised due to surplus limitation	(271)	(93)
Net pension asset/(liability)	-	-

Movements in the present value of defined benefit obligations

	2018 £'000
Liabilities at 1 April 2017	4,691
Benefits paid	(208)
Actuarial gains and losses	(67)
Interest cost	122
At 31 March 2018	4,538

Movements in the fair value of plan assets

	2018 £'000
Fair value of assets at 1 April 2017	4,784
Interest income	125
Actual return on plan assets (excluding amounts included in net interest)	24
Benefits paid	(208)

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

26 Retirement benefit schemes

(Continued)

Contributions by the employer	130
Administrative costs	(46)
	<hr/>
At 31 March 2018	4,809
	<hr/> <hr/>

Fair value of plan assets at the reporting period end

	2018 £'000	2017 £'000
Equity instruments	2,795	3,068
Debt instruments	495	549
Property	89	58
Cash	730	51
Other	302	634
Insurance policies	398	424
Total market value of assets	4,809	4,784
Present value of scheme liabilities	(4,538)	(4,691)
	<hr/>	<hr/>
Surplus in the scheme	271	93
Not recognised due to surplus limitation	(271)	(93)
Related deferred tax asset	-	-
	<hr/>	<hr/>
Recognised pension asset	-	-
	<hr/> <hr/>	<hr/> <hr/>

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

26 Retirement benefit schemes

(Continued)

The major categories of scheme assets as a percentage of total plan assets was as follows:

	2018	2017
	%	%
Equities	58	64
Corporate bonds	10	12
Property	2	1
Insurance policy	8	9
Cash/other	22	14
	<u>100</u>	<u>100</u>

27 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
1,080,943 Ordinary Shares of £1 each	<u>1,080,943</u>	<u>1,080,943</u>

Each share has full rights in the company with respect to voting, being one vote per share, dividends and distributions.

28 Revaluation reserve

The revaluation reserve is wholly attributable to land & buildings included within tangible fixed assets. Deferred taxation on the revaluation gain has been taken through other comprehensive income, amounting to a credit of £Nil (2017: £16,300).

29 Profit and loss reserves

Retained earnings are wholly distributable.

30 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018	2017
	£	£
Acquisition of tangible fixed assets	<u>594,339</u>	<u>89,812</u>

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

31 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	104,095	-
Between two and five years	380,591	-
In over five years	371,912	-
	<u>856,598</u>	<u>-</u>

Lessor

The company owns a property which it acquired with the intention of utilising fully, as the company continues to grow. However, at the year end, the company had let out unoccupied surplus space which was not in use. Rental income earned during the year was £313,907 (2017: £313,907). The property has a committed tenant for the next 8 years, although there is a lease review in 3 years in which the company can, and is intending to reclaim a proportion of the floor space back. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2018 £	2017 £
Within one year	313,907	313,907
Between two and five years	1,143,126	1,173,126
In over five years	585,231	854,138
	<u>2,042,264</u>	<u>2,341,171</u>

32 Related party transactions

Included within creditors is £4,124 (2017: £4,124) due to dormant subsidiaries and a net amount of £76,574 (2017: £56,478) due to directors, shareholders and their related companies.

Dividends of £39,781 (2017: £39,781) were paid during the year to directors and close family members of those directors.

33 Controlling party

The ultimate controlling party is Mr C F Hayman, a director of the company.

HAYMAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

34 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	1,379,380	1,414,264
Adjustments for:		
Taxation charged	319,644	267,496
Finance costs	113,329	155,212
Investment income	(193)	(285)
Loss on disposal of tangible fixed assets	12,475	16,914
Depreciation and impairment of tangible fixed assets	594,555	484,532
Pension scheme non-cash movement	(84,000)	(84,000)
Movements in working capital:		
(Increase) in stocks	(273,557)	(733,312)
(Increase) in debtors	(1,417,547)	(1,185,534)
Increase in creditors	414,012	1,341,570
Cash generated from operations	<u>1,058,098</u>	<u>1,676,857</u>