

RSR LTD
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

THURSDAY



A33 *A78LNF2W* #196
21/06/2018
COMPANIES HOUSE

HODGE BAKSHI
CHARTERED ACCOUNTANTS &
STATUTORY AUDITORS
CHURCHGATE HOUSE
CHURCH ROAD
CARDIFF
CF14 2DX

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FOR THE YEAR ENDED 30 SEPTEMBER 2017

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COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2017

DIRECTORS:

DR B Rees-Smith
Miss J BRADBURY
Dr S CHEN
Dr J Furmaniak
Dr M POWELL
Dr J SANDERS

REGISTERED OFFICE:

7 Robin Lane
High Bentham
Lancaster
Lancashire
LA2 7AB

REGISTERED NUMBER:

03766047 (England and Wales)

AUDITORS:

HODGE BAKSHI
CHARTERED ACCOUNTANTS &
STATUTORY AUDITORS
CHURCHGATE HOUSE
CHURCH ROAD
CARDIFF
CF14 2DX

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their strategic report for the year ended 30 September 2017.

REVIEW OF BUSINESS

The principal activity of the group in the year under review was that of manufacturing and distributing medical diagnostic kits.

Details of the company's performance for the financial year are set out in detail on page 9. Its results and future prospects are considered to be satisfactory.

Financial performance in the year

The company recorded an increase in turnover by 13.0% which was in line with expectations from management.

The company achieved a gross profit margin of 66.8% (2016: 72.7%). This has been as a result of an increase in cost of sales in spite of an increase in productivity and strong control on input costs. The Directors will continue to focus on improving margins and driving costs down in the company for the forthcoming year.

Financial position at the reporting date

The balance sheet on page 12 shows that the company's net assets have reduced by £651k when compared to the prior year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Management continually monitor the key risks facing the company together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the company are as follows;

Economic downturn - the company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties. Sales trends in its major markets are constantly reviewed to enable early action to be taken in the event of sales declining.

Competitive pressure - in the general economic environment is a continuing risk to the group as is the ability of suppliers to keep pace with the competition. The group manages this risk by providing fast response times in fulfilling sales orders and by maintaining strong relationships with key customers and suppliers throughout the world.

Reliance on key suppliers-the company's purchasing activities could expose it to over reliance on certain suppliers and inflationary pricing pressure. The company's manages this risk by ensuring there is enough breadth in its supplier base and by constantly seeking to find potential alternative suppliers that may be used, if necessary.

Loss of key personnel- this would present significant operational difficulties for the company. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should be identical to that of other employees.

EMPLOYEE CONSULTATION

The company is committed to employee involvement and encourages the development of co-operation with employees. To this end, the company's policy is to ensure that employees are kept informed on matters which affect them, through direct communication and established procedures for joint consultation.

The company has continued to examine ways and means of providing employment for disabled employees, under normal terms and conditions, with opportunities and established procedures for joint consultation.

ON BEHALF OF THE BOARD:



DR B Rees-Smith - Director

20 June 2018

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their report with the financial statements of the company for the year ended 30 September 2017.

DIVIDENDS

The total distribution of dividends for the year ended 30 September 2017 will be £18,000,000.

RESEARCH AND DEVELOPMENT

The company will continue its policy of research and development in order to retain a competitive position in the market. All research and development expenditure is written off to the profit and loss account as it is incurred.

FUTURE DEVELOPMENTS

The directors consider that the forthcoming financial year will be another challenging one. Their aim is to continue to implement the management policies which have been introduced in recent years and has assisted in successfully overcoming the difficulties and uncertainties in the market place in the year. Overall, the directors believe that the company is well placed in terms of strategic and market position to maximise its ability to generate sales and satisfy customer demand, in spite of the difficult economic conditions currently facing the business.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

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

DR B Rees-Smith
Miss J BRADBURY
Dr S CHEN
Dr J Furmaniak
Dr M POWELL
Dr J SANDERS

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

FINANCIAL INSTRUMENTS

Treasury operations and financial instruments

The company operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities. In addition the company has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

Liquidity risk

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

Foreign exchange risk

The company's sources products from, and exports products to abroad, and is therefore subject to foreign exchange movements. This risk is managed by regular and consistent monitoring of interest rates.

Interest rate risk

The company operates an overdraft. As such, it is exposed to interest rate risks. This risk is managed by regular and consistent monitoring of interest rates.

Credit risk

Investments of cash surpluses are made through banks 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. Receivable balances are monitored on an on-going basis and provision is made for doubtful debts where necessary.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, therefore it continues to adopt the going concern basis for accounting in preparing the annual financial statements.

DIRECTORS INDEMNITY

The company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company.

DISCLOSURE IN THE STRATEGIC REPORT

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, HODGE BAKSHI, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



DR B Rees-Smith - Director

20 June 2018

REPORT OF THE AUDITORS TO THE MEMBERS OF RSR LTD

CHARTERED ACCOUNTANTS
& CHARTERED TAX ADVISERS

Opinion

We have audited the financial statements of RSR Ltd (the 'company') for the year ended 30 September 2017 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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Directors • Pankaj Bakshi FCA CTA • Khurshed Bamji BSc (Hons) ACA FCA (ICAI) FCCA
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Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

Registered with The Chartered Institute of Taxation as a firm of Chartered Tax Advisers.

Hodge Bakshi is the trading name of Hodge Bakshi Limited Company number 07199071. Registered in Wales at the above address.

REPORT OF THE AUDITORS TO THE MEMBERS OF RSR LTD

CHARTERED ACCOUNTANTS
& CHARTERED TAX ADVISERS

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

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

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

REPORT OF THE AUDITORS TO THE MEMBERS OF RSR LTD

CHARTERED ACCOUNTANTS
& CHARTERED TAX ADVISERS

Our 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.



Pankaj Bakshi (Senior Statutory Auditor)
for and on behalf of HODGE BAKSHI
CHARTERED ACCOUNTANTS &
STATUTORY AUDITORS
CHURCHGATE HOUSE
CHURCH ROAD
CARDIFF
CF14 2DX

20 June 2018

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	2016 £
TURNOVER	3	22,105,855	19,562,345
Cost of sales		<u>7,325,063</u>	<u>5,328,726</u>
GROSS PROFIT		14,780,792	14,233,619
Administrative expenses		<u>3,640,715</u>	<u>2,235,837</u>
		11,140,077	11,997,782
Other operating income		<u>8,295,867</u>	<u>4,761,578</u>
OPERATING PROFIT	5	19,435,944	16,759,360
Interest receivable and similar income		<u>11,472</u>	<u>5,847</u>
PROFIT BEFORE TAXATION		19,447,416	16,765,207
Tax on profit	6	<u>2,099,010</u>	<u>2,049,367</u>
PROFIT FOR THE FINANCIAL YEAR		<u>17,348,406</u>	<u>14,715,840</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		17,348,406	14,715,840
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>17,348,406</u>	<u>14,715,840</u>

BALANCE SHEET
30 SEPTEMBER 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	8	298,709	429,146
CURRENT ASSETS			
Stocks	9	936,043	954,717
Debtors	10	6,661,072	7,757,215
Cash at bank and in hand		11,813,831	11,505,587
		<u>19,410,946</u>	<u>20,217,519</u>
CREDITORS			
Amounts falling due within one year	11	<u>1,735,768</u>	<u>2,021,184</u>
NET CURRENT ASSETS		<u>17,675,178</u>	<u>18,196,335</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>17,973,887</u></u>	<u><u>18,625,481</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Retained earnings	14	<u>17,973,787</u>	<u>18,625,381</u>
SHAREHOLDERS' FUNDS		<u><u>17,973,887</u></u>	<u><u>18,625,481</u></u>

The financial statements were approved by the Board of Directors on 20 June 2018 and were signed on its behalf by:



DR B Rees-Smith - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 October 2015	100	9,909,541	9,909,641
Changes in equity			
Dividends	-	(6,000,000)	(6,000,000)
Total comprehensive income	-	14,715,840	14,715,840
Balance at 30 September 2016	100	18,625,381	18,625,481
Changes in equity			
Dividends	-	(18,000,000)	(18,000,000)
Total comprehensive income	-	17,348,406	17,348,406
Balance at 30 September 2017	100	17,973,787	17,973,887

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	21,235,819	12,475,071
Tax paid		(2,831,867)	(479,486)
Net cash from operating activities		<u>18,403,952</u>	<u>11,995,585</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(107,179)	(281,383)
Interest received		11,472	5,847
Net cash from investing activities		<u>(95,707)</u>	<u>(275,536)</u>
Cash flows from financing activities			
Equity dividends paid		(18,000,000)	(6,000,000)
Net cash from financing activities		<u>(18,000,000)</u>	<u>(6,000,000)</u>
Increase in cash and cash equivalents		<u>308,245</u>	<u>5,720,049</u>
Cash and cash equivalents at beginning of year	2	<u>11,505,587</u>	<u>5,785,538</u>
Cash and cash equivalents at end of year	2	<u><u>11,813,831</u></u>	<u><u>11,505,587</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

	2017	2016
	£	£
Profit before taxation	19,447,416	16,765,207
Depreciation charges	237,617	211,626
Finance income	(11,472)	(5,847)
	19,673,561	16,970,986
Decrease/(increase) in stocks	18,674	(402,468)
Decrease/(increase) in trade and other debtors	1,096,143	(3,542,189)
Increase/(decrease) in trade and other creditors	447,441	(551,258)
Cash generated from operations	21,235,819	12,475,071

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 30 September 2017

	30.9.17	1.10.16
	£	£
Cash and cash equivalents	11,813,831	11,505,587

Year ended 30 September 2016

	30.9.16	1.10.15
	£	£
Cash and cash equivalents	11,505,587	5,785,538

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

1. STATUTORY INFORMATION

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

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Significant judgements and estimates

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Turnover

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

Turnover is the amount derived from ordinary activities, and is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances, and is stated net of VAT.

Revenue from the sale of diagnostic kits as specified in the strategic report is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
 - the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
 - the amount of revenue can be measured reliably;
 - it is probable that the economic benefits associated with the transaction will flow to the Company; and
 - the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs, which comprise direct production costs and an appropriate allocation of production overheads, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Taxation

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

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

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives are recognised in profit or loss over the term of the lease as an integral part of the total lease expense.

Royalties

The company receives and pays royalties. These are accounted for in the year to which they relate.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefit will be required in settlement and the amount can be reliably estimated.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administration expenses.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the assets cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	889,337	724,982
Export	21,216,518	18,837,363
	<u>22,105,855</u>	<u>19,562,345</u>

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	4,372,624	4,443,724
Social security costs	448,102	460,858
Other pension costs	242,345	239,210
	<u>5,063,071</u>	<u>5,143,792</u>

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

2017	2016
<u>117</u>	<u>118</u>

	2017 £	2016 £
Directors' remuneration	591,669	111,820
Directors' pension contributions to money purchase schemes	<u>17,500</u>	<u>4,169</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>6</u>	<u>6</u>
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Information regarding the highest paid director for the year ended 30 September 2017 is as follows:

	2017 £
Emoluments etc	150,213
Pension contributions to money purchase schemes	<u>3,500</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation - owned assets	237,616	211,626
Auditors' remuneration	11,000	10,000
Rent	321,200	321,200
	<u> </u>	<u> </u>

6. TAXATION

Analysis of the tax charge

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	2,103,113	2,049,367
Under/(Over) provision of tax	(4,103)	-
	<u> </u>	<u> </u>
Tax on profit	2,099,010	2,049,367
	<u> </u>	<u> </u>

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

Reconciliation of total tax charge included in profit and loss

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

	2017	2016
	£	£
Profit before tax	19,447,416	16,765,207
	<u> </u>	<u> </u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.500% (2016 - 20%)	3,792,246	3,353,041
Effects of:		
Adjustments to tax charge in respect of previous periods	(4,103)	-
Depreciation & Balancing charge	46,338	42,326
Additional R&D claim	(491,506)	(463,969)
Effect of Capital allowances	(42,819)	(64,175)
Disallowable items	62	715
Patent Box deduction	(1,201,208)	(818,571)
	<u> </u>	<u> </u>
Total tax charge	2,099,010	2,049,367
	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017****7. DIVIDENDS**

	2017 £	2016 £
Dividend Paid	<u>18,000,000</u>	<u>6,000,000</u>

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 October 2016	2,273,672	556,853	110,177	117,585	3,058,287
Additions	107,179	-	-	-	107,179
At 30 September 2017	<u>2,380,851</u>	<u>556,853</u>	<u>110,177</u>	<u>117,585</u>	<u>3,165,466</u>
DEPRECIATION					
At 1 October 2016	1,943,556	469,591	110,177	105,817	2,629,141
Charge for year	193,007	32,894	-	11,715	237,616
At 30 September 2017	<u>2,136,563</u>	<u>502,485</u>	<u>110,177</u>	<u>117,532</u>	<u>2,866,757</u>
NET BOOK VALUE					
At 30 September 2017	<u>244,288</u>	<u>54,368</u>	-	53	<u>298,709</u>
At 30 September 2016	<u>330,116</u>	<u>87,262</u>	-	11,768	<u>429,146</u>

9. STOCKS

	2017 £	2016 £
Stock of Raw Material	<u>936,043</u>	<u>954,717</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	4,656,606	4,999,863
Tax Recoverable	172,261	137,010
Due from Group Companies	1,805,548	2,598,880
Prepayments	26,657	21,462
	<u>6,661,072</u>	<u>7,757,215</u>

There is no formal agreement between the group undertaking balance and the Company for the group undertakings to repay their loans in more than one year. All the loans are repayable by demand and are shown at cost. The amounts shown in the accounts are at their carrying values.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	463,366	157,449
Tax	870,613	1,603,470
Social security and other taxes	126,096	109,659
Other creditors	15,987	15,987
Due to group undertakings	34,935	34,935
Accrued Expenses	212,543	87,456
Directors' loan accounts	12,228	12,228
	<u>1,735,768</u>	<u>2,021,184</u>

There is no formal agreement between the group undertaking balance and the Company for the group undertakings to repay their loans in more than one year. All the loans are repayable by demand and are shown at cost. The amounts shown in the accounts are at their carrying values.

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Within one year	321,200	321,000
Between one and five years	1,284,800	1,284,000
In more than five years	16,060,000	16,050,000
	<u>17,666,000</u>	<u>17,655,000</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

14. RESERVES

	Retained earnings
	£
At 1 October 2016	18,625,381
Profit for the year	17,348,406
Dividends	(18,000,000)
At 30 September 2017	<u>17,973,787</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

15. ULTIMATE PARENT COMPANY

Dixondale Limited is regarded by the directors as being the company's ultimate parent company.

16. CONTINGENT LIABILITIES

Counter Indemnity given by the company's bankers, HSBC Bank for £40,000 to HM Customs and Excise.

Regional Court of Düsseldorf hold a guarantee dated 14th November 2016 for EUR 500,000.

The company has made a claim against a competitor for contravening one of its patents in the manufacture of their products. Though the company has been successful at the lower court, the competitor has referred the matter at a higher court. Legal advice obtained indicates that it is unlikely that any significant liability will arise. The directors are of the view that no material losses will arise in respect of the decision of the legal claim going against the company.

17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 30 September 2017 and 30 September 2016:

	2017	2016
	£	£
DR B Rees-Smith		
Balance outstanding at start of year	12,228	12,228
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>12,228</u>	<u>12,228</u>

18. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

	2017	2016
	£	£
Purchases	321,200	321,000
Amount due from related party	<u>320,399</u>	<u>846,247</u>

Other related parties

	2017	2016
	£	£
Amount due from related party	2,446,410	2,378,577
Amount due to related party	<u>50,923</u>	<u>50,923</u>

19. POST BALANCE SHEET EVENTS

There are no post balance sheet events.

· **RSR LTD (REGISTERED NUMBER: 03766047)**

· **NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 30 SEPTEMBER 2017

20. **ULTIMATE CONTROLLING PARTY**

The controlling party is DR B Rees-Smith.