

WHEELDON BROTHERS WASTE LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN



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FOR THE YEAR ENDED 31 JULY 2018**

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WHEELDON BROTHERS WASTE LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2018**

DIRECTORS:

J B Wheeldon
Mrs G M Wheeldon
Mrs S J Wheeldon-Gorst
J M Wheeldon
J E W Wheeldon

SECRETARY:

Mrs S J Wheeldon-Gorst

REGISTERED OFFICE:

Bridge House
Yeargate Industrial Estate
Heap Bridge
Bury
Lancashire
BL9 7HT

REGISTERED NUMBER:

00843156 (England and Wales)

AUDITORS:

DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

BANKERS:

Barclays Bank plc
1 Yorkshire Street
Rochdale
Lancashire
OL16 1BH

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2018**

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

REVIEW OF BUSINESS

Wheeldon Brothers Waste Limited is a waste management and recycling company which offers a number of services from tipping van waste, bin hire, skips and rolonofs to hazardous waste disposal. Wheeldon's have four licenced transfer stations, Bury, Oldham, Failsworth and Ramsbottom. This year the company has grown within its existing customer base and also gaining new customers. Tipping and recycling waste accounts for approximately 50% of our turnover with the other 50% being hire of bins, skips and rolonofs.

Waste to energy is very important for the company, allowing us to remain at the forefront of the market. Many customers expect almost zero landfill, and without investment in plant it would be impossible to meet these expectations, which continue to develop. During the year we have recycled over 95% of waste.

In addition the company has continued to see rising costs in insurance, wages, security and running plant and equipment.

The waste to energy plant in Ramsbottom has been updated to increase throughput from April 2017, this was as a result of purchasing a Lindner Shredder. Additionally, a drying plant has been installed to improve the product produced at Ramsbottom. This site takes all the waste our other sites would have previously landfilled. The plant produces a light, low moisture waste (SRF) that can be burned to create energy.

FUTURE OUTLOOK WITH PRINCIPLE RISKS AND UNCERTAINTIES

The fundamental risks and uncertainties facing the company are the increase in prices of insurance due to the limited number of insurance companies that will insure waste companies in the market, because of the potential risk of a fire.

Furthermore legislation changes and restrictions by HMRC on waste and fines also impacts on our finance. There is a low risk of increased costs that would be associated with landfill sites closing in the future, this would make it harder to dispose of waste, however Wheeldons only send approximately 5% to landfill in any case.

SRF can be difficult to sell at times as outlets are scarce. From time to time these outlets close for maintenance, but improving the product reduces the risk of being unable to find an outlet at a good price.

Competition is high in the sector, there are always companies that are prepared to undercut us, but being a professional and reputable company for over 50 years serves the company well in this regard. As a local company, Wheeldons is unable supply national contracts with waste services, therefore the company has been unable to bid for these contracts.

Brexit will impact the price of equipment purchases in the future, and also effects the prices that can be demanded for scrap metal, card, plastic and SRF. However, as an SME Wheeldons is capable of reacting to changes in the market quickly, and this is further helped by the strong cash flow position that the company is in.

The company treat health and safety very seriously but there is always the risk that an accident could occur, which could potentially result in a corporate manslaughter charge, however Wheeldons are insured for this eventuality. We now employ a full time safety officer.

The company will seek to continue to expand in the waste management industry and build upon the long held business relationships they have with companies.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2018

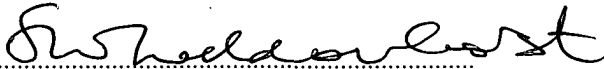
KEY PERFORMANCE INDICATORS

Revenue increase of 7.2% (2017: increase of 2.5%)

Gross profit 32.9% (2017: 36.2%)

Net profit before tax 9.9% (2017: 10.8%)

ON BEHALF OF THE BOARD:



Mrs S J Wheeldon-Gorst - Secretary

Date: 28/11/2018

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2018**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of facilities for container hire and waste disposal.

DIVIDENDS

The following dividend was voted on 29 March 2018.

- An interim dividend of £19.76 per share on the Ordinary D shares.
- An interim dividend of £39.53 per share on the Ordinary E shares.
- An interim dividend of £29.65 per share on the Ordinary F shares.

The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the year ended 31 July 2018 will be £144,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2017 to the date of this report.

J B Wheeldon
Mrs G M Wheeldon
Mrs S J Wheeldon-Gorst
J M Wheeldon
J E W Wheeldon

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

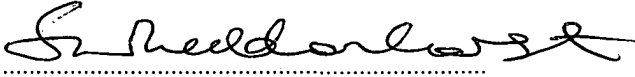
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2018**

AUDITORS

DTE Business Advisers Limited has indicated its willingness to be reappointed for another term and appropriate arrangements are being made for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:



Mrs S J Wheeldon-Gorst - Secretary

Date: 28/11/2018

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WHEELDON BROTHERS WASTE LIMITED**

Opinion

We have audited the financial statements of Wheeldon Brothers Waste Limited (the 'company') for the year ended 31 July 2018 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, 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.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WHEELDON BROTHERS WASTE 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 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 four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

DTE Business Advisers Limited

Richard Bell (Senior Statutory Auditor)
for and on behalf of DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

Date: *12th December 2018*

**INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2018**

	Notes	2018 £	2017 £
REVENUE	3	11,688,581	10,899,169
Cost of sales		(7,844,839)	(6,950,768)
GROSS PROFIT		3,843,742	3,948,401
Administrative expenses		(2,835,163)	(2,924,250)
		1,008,579	1,024,151
Other operating income	4	142,657	155,044
OPERATING PROFIT	6	1,151,236	1,179,195
Interest receivable and similar income	7	5,420	247
PROFIT BEFORE TAXATION		1,156,656	1,179,442
Tax on profit	8	(205,623)	(214,147)
PROFIT FOR THE FINANCIAL YEAR		951,033	965,295

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2018**


	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		951,033	965,295
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>951,033</u>	<u>965,295</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 JULY 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	10	85,085	-
Property, plant and equipment	11	2,395,238	2,744,755
		<u>2,480,323</u>	<u>2,744,755</u>
CURRENT ASSETS			
Inventories	12	15,874	30,295
Debtors	13	2,730,141	2,251,703
Cash at bank		2,966,214	2,370,687
		<u>5,712,229</u>	<u>4,652,685</u>
CREDITORS			
Amounts falling due within one year	14	(1,737,638)	(1,749,559)
NET CURRENT ASSETS		<u>3,974,591</u>	<u>2,903,126</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,454,914</u>	<u>5,647,881</u>
CAPITAL AND RESERVES			
Called up share capital	17	9,786	9,786
Share premium	18	500	500
Capital reserve	18	35,325	35,325
Retained earnings	18	6,409,303	5,602,270
SHAREHOLDERS' FUNDS		<u>6,454,914</u>	<u>5,647,881</u>

The financial statements were approved by the Board of Directors on 28/11/2012 and were signed on its behalf by:



J B Wheeldon - Director

The notes form part of these financial statements

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

	Called up share capital £	Retained earnings £	Share premium £	Capital reserve £	Total equity £
Balance at 1 August 2016	9,786	4,636,975	500	35,325	4,682,586
Changes in equity					
Total comprehensive income	-	965,295	-	-	965,295
Balance at 31 July 2017	9,786	5,602,270	500	35,325	5,647,881
Changes in equity					
Dividends	-	(144,000)	-	-	(144,000)
Total comprehensive income	-	951,033	-	-	951,033
Balance at 31 July 2018	9,786	6,409,303	500	35,325	6,454,914

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,491,545	2,490,293
Tax paid		(236,828)	(225,265)
Net cash from operating activities		<u>1,254,717</u>	<u>2,265,028</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(113,447)	-
Purchase of tangible fixed assets		(574,136)	(1,552,281)
Sale of tangible fixed assets		189,949	290,900
Interest received		5,420	247
Net cash from investing activities		<u>(492,214)</u>	<u>(1,261,134)</u>
Cash flows from financing activities			
Due from Wheeldon Brothers Partnership		(22,976)	-
Amount withdrawn by directors		-	(565,679)
Equity dividends paid		(144,000)	-
Net cash from financing activities		<u>(166,976)</u>	<u>(565,679)</u>
Increase in cash and cash equivalents		<u>595,527</u>	<u>438,215</u>
Cash and cash equivalents at beginning of year	2	<u>2,370,687</u>	<u>1,932,472</u>
Cash and cash equivalents at end of year	2	<u><u>2,966,214</u></u>	<u><u>2,370,687</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2018

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

	2018 £	2017 £
Profit before taxation	1,156,656	1,179,442
Depreciation charges	818,669	900,479
Profit on disposal of fixed assets	(56,603)	(146,382)
Finance income	(5,420)	(247)
	<u>1,913,302</u>	<u>1,933,292</u>
Decrease/(increase) in inventories	14,421	(6,120)
(Increase)/decrease in trade and other debtors	(456,494)	321,300
Increase in trade and other creditors	20,316	241,821
	<u>1,491,545</u>	<u>2,490,293</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 July 2018

	31.7.18 £	1.8.17 £
Cash and cash equivalents	<u>2,966,214</u>	<u>2,370,687</u>

Year ended 31 July 2017

	31.7.17 £	1.8.16 £
Cash and cash equivalents	2,370,687	2,063,119
Bank overdrafts	-	(130,647)
	<u>2,370,687</u>	<u>1,932,472</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. **STATUTORY INFORMATION**

Wheeldon Brothers Waste Limited is a company registered in England and Wales, registration number 00843156. The registered office is Bridge House, Yeargate Industrial Estate, Heap Bridge, Bury, Lancashire, BL9 7HT.

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.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Revenue comprises the aggregate of the fair value of the sale of goods and services provided, net of value-added tax, rebates and discounts. Revenue is recognised as follows:-

Sales of goods are recognised when the company has delivered products to the customer, the customer has accepted the products and collection of the related receivables is anticipated.

Service revenues are recognised as those services are provided to customers. Service revenue includes income relating to waste collection contracts which is invoiced in advance at the inception of the agreement. This income is spread evenly over the period of the service and recognised in the appropriate period.

Intangible assets

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

Computer software is being amortised evenly over its estimated useful life of nil years.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life, taking account of any residual values:

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

It is the company's depreciation policy to depreciate an asset fully in the year of purchase and to not depreciate at all in the year of disposal.

There is no charge for depreciation on the improvements to property as in the opinion of the directors the depreciation is not material.

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 recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2018

2. ACCOUNTING POLICIES - continued

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Costs, which comprise direct production costs, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Overheads are charged to profit or loss as incurred. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories 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 inventories 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 statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Dividends

Equity dividends are recognised when they become legally payable and are no longer at the discretion of the company.

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 the income statement in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2018

2. ACCOUNTING POLICIES - continued

Hire charges and leasing commitments

Assets that are held by Company under leases which transfer to the Company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make estimates and judgements. The estimates are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Estimating the useful economic life of an asset and the anticipated residual value are considered key judgement in calculating an appropriate depreciation charge.

In categorising leases as finance or operating leases, the directors make judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

Making judgement based on historical experience on the level of provision required for impairment of stock. Further information received after the statement of financial position date may impact on the level of provision required.

3. REVENUE

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

4. OTHER OPERATING INCOME

	2018	2017
	£	£
Rents received	<u>142,657</u>	<u>155,044</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2018

5. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	2,629,945	2,427,891
Other pension costs	25,536	25,203
	<u>2,655,481</u>	<u>2,453,094</u>

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

	2018	2017
Directors	5	5
Office staff	8	8
Direct staff	68	70
	<u>81</u>	<u>83</u>

	2018 £	2017 £
Directors' remuneration	<u>312,702</u>	<u>326,530</u>

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

Money purchase schemes	<u>5</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	2018 £	2017 £
Emoluments etc	<u>105,952</u>	<u>112,385</u>

6. OPERATING PROFIT

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

	2018 £	2017 £
Depreciation - owned assets	790,307	900,479
Profit on disposal of fixed assets	(56,603)	(146,382)
Computer software amortisation	28,362	-
Auditors' remuneration	8,025	8,025
Auditors' remuneration for non audit work	3,000	8,845
Foreign exchange differences	-	391
Operating lease rentals	<u>749,010</u>	<u>749,010</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £	2017 £
Deposit account interest	<u>5,420</u>	<u>247</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2018

8. TAXATION**Analysis of the tax charge**

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

	2018 £	2017 £
Current tax:		
UK corporation tax	204,591	236,828
Over provision for taxation in earlier years	-	(1,649)
Total current tax	204,591	235,179
Deferred tax	1,032	(21,032)
Tax on profit	205,623	214,147

Reconciliation of total tax charge included in profit and loss

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

	2018 £	2017 £
Profit before tax	1,156,656	1,179,442
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	219,765	224,094
Effects of:		
Expenses not deductible for tax purposes	580	15
Adjustments to tax charge in respect of previous periods	-	(1,649)
Research and development	(14,722)	-
(Profit) on the sale of assets	-	(27,813)
Chargeable gains	-	16,663
Tax rate change variance	-	2,837
Total tax charge	205,623	214,147

9. DIVIDENDS

The following dividend was voted on 29 March 2018.

- An interim dividend of £19.76 per share on the Ordinary D shares.
- An interim dividend of £39.53 per share on the Ordinary E shares.
- An interim dividend of £29.65 per share on the Ordinary F shares.

The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the year ended 31 July 2018 will be £144,000.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2018

10. INTANGIBLE FIXED ASSETS

	Computer software £
Cost	
Additions	113,447
At 31 July 2018	<u>113,447</u>
Amortisation	
Amortisation for year	28,362
At 31 July 2018	<u>28,362</u>
Net book value	
At 31 July 2018	<u><u>85,085</u></u>

11. PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
Cost			
At 1 August 2017	24,317	6,650,865	4,081
Additions	-	291,686	-
Disposals	-	(141,250)	-
At 31 July 2018	<u>24,317</u>	<u>6,801,301</u>	<u>4,081</u>
Depreciation			
At 1 August 2017	-	4,471,742	2,954
Charge for year	-	607,885	282
Eliminated on disposal	-	(101,983)	-
At 31 July 2018	<u>-</u>	<u>4,977,644</u>	<u>3,236</u>
Net book value			
At 31 July 2018	<u><u>24,317</u></u>	<u><u>1,823,657</u></u>	<u><u>845</u></u>
At 31 July 2017	<u><u>24,317</u></u>	<u><u>2,179,123</u></u>	<u><u>1,127</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2018

11. PROPERTY, PLANT AND EQUIPMENT - continued

	Motor vehicles £	Computer equipment £	Totals £
Cost			
At 1 August 2017	1,584,493	16,720	8,280,476
Additions	262,000	20,450	574,136
Disposals	(183,245)	-	(324,495)
At 31 July 2018	1,663,248	37,170	8,530,117
Depreciation			
At 1 August 2017	1,050,510	10,515	5,535,721
Charge for year	175,476	6,664	790,307
Eliminated on disposal	(89,166)	-	(191,149)
At 31 July 2018	1,136,820	17,179	6,134,879
Net book value			
At 31 July 2018	526,428	19,991	2,395,238
At 31 July 2017	533,983	6,205	2,744,755

12. INVENTORIES

	2018 £	2017 £
Finished goods and consumables	15,874	30,295

In the year inventories totalling £577,159 (2017: £470,954) were recognised as an expense in the year.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	2,282,647	1,862,643
Amounts owed by participating interests	22,976	-
Deferred tax asset		
Accelerated capital allowances	16,180	17,212
Prepayments and accrued income	408,338	371,848
	2,730,141	2,251,703

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2018

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	576,420	606,142
Corporation tax	204,591	236,828
Social security and other taxes	283,810	162,292
Other creditors	144,001	334,321
Accruals and deferred income	528,816	409,976
	<u>1,737,638</u>	<u>1,749,559</u>

15. LEASING AGREEMENTS

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

	2018	2017
	£	£
Within one year	749,010	749,010
Between one and five years	2,996,040	2,996,040
	<u>3,745,050</u>	<u>3,745,050</u>

16. DEFERRED TAX

	£
Balance at 1 August 2017	(17,212)
Movement in the year	<u>1,032</u>
Balance at 31 July 2018	<u>(16,180)</u>

17. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2017	2016
			£	£
78,324	Ordinary	£0.10	7,833	7,833
4,893	A	£0.10	489	489
4,893	B	£0.10	489	489
4,893	C	£0.10	489	489
1,619	D	£0.10	162	162
1,619	E	£0.10	162	162
1,619	F	£0.10	162	162
			<u>9,786</u>	<u>9,786</u>

All shares rank pari passu.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2018**

18. RESERVES

	Retained earnings £	Share premium £	Capital reserve £	Totals £
At 1 August 2017	5,602,270	500	35,325	5,638,095
Profit for the year	951,033	-	-	951,033
Dividends	(144,000)	-	-	(144,000)
At 31 July 2018	<u>6,409,303</u>	<u>500</u>	<u>35,325</u>	<u>6,445,128</u>

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The contributions payable in the year amounted to £25,536 (2017: £25,203). The assets of the scheme were held separately from those of the company in an independently administered fund. There were no commitments at the balance sheet date (2017: £nil).

20. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>159,000</u>

21. RELATED PARTY DISCLOSURES

During the year, a total of key management personnel compensation of £307,664 (2017 - £322,344) was paid.

22. CONTROL

The company is jointly controlled by two of its shareholders, who are also directors, being J B Wheeldon and Mrs G M Wheeldon.