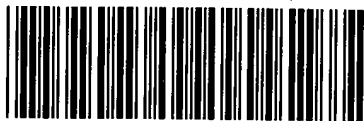


LYTE INDUSTRIES (WALES) LIMITED

Report and Financial Statements

For the year ended 31 October 2015

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REPORT AND FINANCIAL STATEMENTS 2015

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C D R Allen
P Lewis
D M Love
J Greene
H Lewis
D McCombie

SECRETARY

R Morgan

REGISTERED OFFICE

Beaufort Reach
Siemens Close
Swansea Enterprise Park
Swansea
SA7 9BB

BANKERS

HSBC Bank Plc

SOLICITORS

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

AUDITOR

Deloitte LLP
Cardiff

STRATEGIC REPORT

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the company continues to be the manufacture, sale and distribution of ladders, stepladders, access towers and other items of access equipment.

During the year the company continued to gain market share. The company showed significant growth in trading from November 2014 and October 2015 and turnover increased year-on-year with growth coming from every area of the business. The results of the company for the year are set out in detail on page 7.

The company successfully launched new and improved product lines during the year which contributed to gaining further market share and growth.

Principle risks and uncertainties facing the company continued to be aluminium and foreign exchange fluctuations. Labour efficiency and distribution costs remained in proportion to previous year, however gross profit margin reduced slightly as a result of increased turnover with rebated accounts. At the year end the company increased its labour and stock holding to facilitate our growth plans for FY 2016.

Overheads and administrative expenses have increased in line with expectation and growth plans, whilst depreciation has increased as a result of new machinery investment.

Dividends were not taken during the financial year with profits reinvested back into the business to fund the business growth (namely new machinery and stock increases).

At the year-end, the financial position of the company remained largely unchanged from the previous year and the company remained adequately resourced to carry out its operations on a day-to-day basis.

The company expects to grow further during FY16 by gaining further market share. Further investment will be made with additional machinery developments and extending factory space. The directors have taken into consideration a potential further cash injection from the shareholders, demonstrating their continued support.

FUTURE DEVELOPMENTS

The benefits of the investment in new machinery and the Robotic Welding Cell will begin to materialise during the next financial year. Lyte's aim for increased market share through new product development and investment in efficient production systems will continue in 2015/2016.

KEY PERFORMANCE INDICATORS

	2015	2014
Turnover	£12,683,253	£11,029,740
Turnover per production employee	£103,116	£106,884
Gross profit per production employee	£36,270	£39,673

PRINCIPAL RISKS AND UNCERTAINTIES

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

The company sources products from abroad and is therefore exposed to foreign exchange movements. This risk is managed by regular and consistent monitoring of the exchange rates of the relevant currencies, in order to identify any necessary action required.

The company is exposed to the movement in the price of aluminium; this risk is managed through the careful selection of suppliers and seeking the most competitive price for this material.

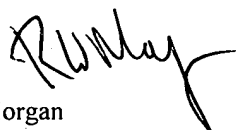
STRATEGIC REPORT (continued)

FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the company. The directors do not consider there to be any significant risks in relation to price and credit risk as the company is not dependent on any one customer or group of customers and is able to pass on increases in material and labour costs to the customer.

Appropriate terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed on a daily basis by management.

Approved by the Board of Directors
and signed on behalf of the Board



R Morgan
Secretary

Date ...29/07/2016...

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 October 2015.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on page 2.

RESEARCH AND DEVELOPMENT

Product development and innovation is a continuous process. The company has committed resources to the development of new products to enhance the organic growth of the business. The company capitalised research and development costs of £70,436 during the year (2014 - £54,420).

DIVIDENDS

The directors do not recommend the payment of a dividend (2014 - £nil).

DIRECTORS

The directors of the company, who served throughout the financial year and subsequently to the date of this report, are as shown on page 1.

GOING CONCERN

During the year the company made an operating profit of £213,559 (2014 - £145,494) and an overall profit for the financial year of £96,737 (2014 - £43,118). At 31 October 2015 the company had closing net assets of £4,207,053 (2014 - £4,083,243) and closing net current assets of £1,418,057 (2014 - £1,400,560).

The company meets its day-to-day working capital requirements through an overdraft and bank loan facility; the overdraft facility was extended in the year and was renewed in April 2016 for the forthcoming year. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the level of its current facilities. The company was in compliance with all loan covenants during the year and the directors are confident that it will continue to be in compliance with these financial covenants for at least 12 months from the date of signing the financial statements.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


R Morgan
Secretary

Date 29/11/2016

DIRECTORS' RESPONSIBILITIES STATEMENT

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; and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYTE INDUSTRIES (WALES) LIMITED

We have audited the financial statements of Lyte Industries (Wales) Limited for the year ended 31 October 2015 which comprise the profit and loss account, the balance sheet, the cash flow statement and its related notes 1 to 3, and notes 1 to 23 to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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.

Andrew Wright

Andrew Wright FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Cardiff, United Kingdom

Date...*29 July 2016*.....

LYTE INDUSTRIES (WALES) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 October 2015

	Note	2015 £	2014 £
TURNOVER	2	12,683,253	11,029,740
Cost of sales		(8,243,098)	(6,922,717)
GROSS PROFIT		4,440,155	4,107,023
Distribution costs		(1,273,640)	(1,151,921)
Administrative expenses excluding exceptional costs		(2,954,281)	(2,750,316)
Exceptional items	4	-	(59,596)
Administrative expenses		(2,954,281)	(2,809,912)
Other operating income		1,325	304
OPERATING PROFIT BEFORE EXCEPTIONAL COSTS		213,559	205,090
Exceptional items		-	(59,596)
OPERATING PROFIT	5	213,559	145,494
Interest receivable	6	1,294	-
Interest payable and similar charges	7	(91,043)	(63,002)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		123,810	82,492
Tax on profit on ordinary activities	8	(27,073)	(39,374)
PROFIT FOR THE FINANCIAL YEAR	19, 20	96,737	43,118

All activities derive from continuing operations.

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

LYTE INDUSTRIES (WALES) LIMITED

BALANCE SHEET
At 31 October 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Intangible assets - development costs	9	97,644	40,815
Tangible assets	10	5,951,806	5,185,344
		<u>6,049,450</u>	<u>5,226,159</u>
CURRENT ASSETS			
Stocks	11	5,342,898	4,339,635
Debtors – due within one year	12	4,052,387	3,287,711
Cash at bank and in hand		408,727	1,821
		<u>9,804,012</u>	<u>7,629,167</u>
CREDITORS: amounts falling due within one year	13	<u>(8,385,955)</u>	<u>(6,228,607)</u>
NET CURRENT ASSETS		<u>1,418,057</u>	<u>1,400,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,467,507</u>	<u>6,626,719</u>
CREDITORS: amounts falling due after more than one year	14	<u>(3,145,696)</u>	<u>(2,284,795)</u>
PROVISIONS FOR LIABILITIES	15	<u>(114,758)</u>	<u>(258,681)</u>
NET ASSETS		<u>4,207,053</u>	<u>4,083,243</u>
CAPITAL AND RESERVES			
Called up share capital	18	1,601,030	1,601,030
Profit and loss account	19	2,606,023	2,482,213
SHAREHOLDERS' FUNDS	20	<u>4,207,053</u>	<u>4,083,243</u>

The financial statements of Lyte Industries (Wales) Limited, registered number 1982317, were approved by the Board of Directors and authorised for issue on 29/07/2016

Signed on behalf of the Board of Directors



J Greene
Director

LYTE INDUSTRIES (WALES) LIMITED

CASH FLOW STATEMENT
Year ended 31 October 2015

	Note	2015 £	2014 £
Net cash (outflow)/inflow from operating activities	1	<u>(881,797)</u>	<u>(337,061)</u>
Returns on investments and servicing of finance			
Interest received		1,294	-
Interest paid		(76,004)	(50,288)
Interest element of finance lease and hire purchase repayments		<u>(15,039)</u>	<u>(12,714)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(89,749)</u>	<u>(63,002)</u>
Taxation			
Corporation tax (paid)/received		<u>(5,872)</u>	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,065,289)	(974,831)
Payments to acquire intangible assets		(70,436)	-
Payments to acquire current assets		(72,965)	(247,739)
Receipts from sale of tangible fixed assets		<u>-</u>	<u>14,210</u>
Net cash outflow from capital expenditure and financial investment		<u>(1,208,690)</u>	<u>(1,208,360)</u>
Net cash outflow before financing		<u>(2,186,108)</u>	<u>(1,608,464)</u>
Financing			
Directors' loans receipts/(payments)		956,314	(60,179)
Increase in short-term borrowings		1,122,305	-
Repayment of secured loans		(65,050)	(64,843)
Short-term bridging loan (paid)/received		-	(89,138)
Capital element of finance lease and hire purchase payments		<u>(137,006)</u>	<u>461,487</u>
Net cash inflow from financing		<u>1,894,563</u>	<u>247,687</u>
Decrease in cash in the year	2,3	<u><u>(291,545)</u></u>	<u><u>(1,360,777)</u></u>

LYTE INDUSTRIES (WALES) LIMITED

NOTES TO THE CASH FLOW STATEMENT

Year ended 31 October 2015

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Operating profit	213,559	145,494
Amortisation	13,605	13,605
Depreciation	298,505	232,581
Profit on sale of tangible fixed assets	-	(6,984)
Exchange rate loss/(gain)	11,652	(5,817)
Increase in stocks	(1,003,263)	(1,127,117)
(Increase) in debtors	(691,711)	(497,437)
Increase in creditors	419,779	822,140
(Decrease)/increase in provisions	(143,923)	86,474
Net cash (outflow)/inflow from operating activities	(881,797)	(337,102)

2. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2015 £	2014 £
Decrease in cash in the year	(291,545)	(1,360,777)
Cash inflow from debt and lease financing	(1,894,563)	(247,687)
Movement in net debt in the year	(2,186,108)	(1,608,464)
Net debt at start of year	(5,408,229)	(3,799,765)
Net debt at end of year	(7,594,337)	(5,408,229)

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1 November 2014 £	Cash flows £	Other non- cash changes £	At 31 October 2015 £
Cash at bank and in hand	1,821	406,906	-	(408,727)
Overdraft	(2,922,787)	(698,451)	-	(3,621,238)
	(2920,966)	(291,545)	-	(3,212,511)
Debt due within one year	(65,450)	(988,160)	(68,436)	(1,122,046)
Debt due after one year	(1,884,103)	(1,043,420)	68,436	(2,859,087)
Finance leases	(537,710)	137,017	-	(400,693)
	(5,408,229)	(2,186,108)	-	(7,594,337)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2015

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The company meets its day-to-day working capital requirements through an overdraft and bank loan facility. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the level of its current facilities. The company was in compliance with all loan covenants during the year and the directors are confident that they will continue to be in compliance with these financial covenants for at least 12 months from the date of signing the financial statements.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Office and computer equipment	-	25% per annum
Freehold buildings	-	2% per annum
Motor vehicles	-	25% per annum
Tools, plant and machinery	-	10% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stock. Net realisable value is based on estimated selling price less further costs to completion and the relevant marketing, selling and distribution costs.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2015

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The company recognises turnover on transfer of risks and rewards of ownership. In most cases this is on despatch of goods to the customer.

Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

Assets held under finance lease and hire purchase contracts and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease repayments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. Rentals are charged to profit and loss in equal annual amounts over the lease term.

Pension costs

The company makes payments to a defined contribution pension scheme for the benefit of two directors. The pension cost charge represents contributions payable under the scheme during the year.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are included in the profit and loss account.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is between three and five years. Provision is made for any impairment.

2. TURNOVER

The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the company's principal activity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2015

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2015	2014
	No.	No.
Average number of persons employed (including directors)		
Production	123	103
Administration and selling	40	36
	<u>163</u>	<u>139</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	3,109,761	2,671,083
Social security costs	247,362	209,535
Pension costs	14,551	60,977
	<u>3,371,674</u>	<u>2,941,595</u>
	£	£
Directors' remuneration		
Emoluments	367,162	349,248
Company contributions to money purchase schemes	34,800	55,633
	<u>401,962</u>	<u>404,881</u>
	No.	No.
Number of directors who are members of the company's defined contribution pension scheme	3	4
	£	£
Remuneration of the highest paid director		
Emoluments	120,167	102,036
Company contribution to money purchase scheme	-	20,833
	<u>120,167</u>	<u>122,869</u>

LYTE INDUSTRIES (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2015

4. EXCEPTIONAL ITEMS

	2015 £	2014 £
One-off legal fees	-	59,596

5. OPERATING PROFIT

	2015 £	2014 £
Operating profit is stated after charging/(crediting)		
Depreciation		
Owned assets	256,543	208,651
Leased assets	41,962	23,930
Amortisation of development costs	13,605	13,605
Operating lease rentals	71,061	65,585
Auditor's remuneration – audit services	19,500	21,500
– tax compliance services	6,500	6,500
Foreign exchange loss/(gain)	11,652	(5,617)
Profit on disposal of fixed assets	-	(6,984)

6. INTEREST RECEIVABLE

	2015 £	2014 £
Bank interest	1,294	-

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Bank loans and overdraft	62,071	34,011
Finance lease and hire purchase contracts	15,039	12,714
Other interest	13,933	16,277
	<u>91,043</u>	<u>63,002</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 October 2015

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £	2014 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 20.41% (2014 – 20%)	-	-
Adjustment in respect of prior periods	-	2,018
Total current tax	-	2,018
Deferred taxation		
Effect of changes in tax rates	14,998	-
Adjustment in respect of prior periods	2,608	(1,550)
Timing differences – origination and reversal	(44,679)	(39,842)
Total deferred tax	(27,073)	(41,392)
United Kingdom corporation tax charge	(27,073)	(39,374)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	123,810	82,492
Tax on profit on ordinary activities before tax at 20.41% (2014 – 20%)	(25,274)	(16,499)
Factors affecting charge for the year		
Expenses not deductible for tax purposes	(19,405)	(23,343)
Income not taxable for tax purposes	-	-
Capital allowances in excess of depreciation	113,114	95,490
Increase in tax losses	(68,435)	(55,648)
Adjustment in respect of prior periods	-	2,018
Current tax credit for the year	-	2,018

A deferred tax asset has not been recognised in respect of timing differences relating to capital losses carried forward, as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is approximately £67,089 (2014 - £74,544).

A deferred tax liability has not been recognised in respect of the rolled over gain on the basis that the company had no plans to sell the newly-acquired asset at the year-end. The amount of the liability not recognised is approximately £462,283 (2014 - £513,647).

The Finance Bill 2015 enacted on 15 July 2015 reduced the corporation tax rate from 20% to 19% with effect from April 2017 with a further reduction to 18% with effect from April 2020. The directors are not aware of any other factors that will materially affect the future tax charge.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 October 2015

9. INTANGIBLE FIXED ASSETS – DEVELOPMENT COSTS

	Development costs £
Cost	
At 1 November 2014 and Additions	54,420 70,434
At 31 October 2015	<u>124,854</u>
Depreciation	
At 1 November 2014	13,605
Amortisation	13,605
At 31 October 2015	<u>27,210</u>
Net book value	
At 31 October 2015	<u>97,644</u>
At 31 October 2014	<u>40,815</u>

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Office and computer equipment £	Motor vehicles £	Tools, plant and machinery £	Total £
Cost					
At 1 November 2014	3,454,200	648,465	223,617	2,250,839	6,577,121
Additions	42,143	105,430	5,358	912,356	1,065,287
Disposals	-	-	-	-	-
At 31 October 2015	<u>3,496,343</u>	<u>753,895</u>	<u>228,975</u>	<u>3,163,195</u>	<u>7,642,408</u>
Depreciation					
At 1 November 2014	229,233	508,056	213,456	440,033	1,390,777
Charge for the year	53,824	58,549	8,502	177,630	298,505
Disposals	-	-	-	-	-
At 31 October 2015	<u>283,057</u>	<u>566,605</u>	<u>221,958</u>	<u>617,663</u>	<u>1,689,282</u>
Net book value					
At 31 October 2015	<u>3,213,286</u>	<u>187,290</u>	<u>7,017</u>	<u>2,545,532</u>	<u>5,951,806</u>
At 31 October 2014	<u>3,224,967</u>	<u>140,688</u>	<u>9,224</u>	<u>1,810,465</u>	<u>5,185,344</u>

The net book value of fixed assets held under finance lease and hire purchase contracts at 31 October 2015 was £537,720 comprising motor vehicles of £17,890 and tools, plant and machinery of £519,830 (2014 - £537,720 comprising motor vehicles of £17,890 and tools, plant and machinery of £519,830). Depreciation charged during the current year was £18,949 (2014 - £18,949) on motor vehicles and £4,981 (2014 - £4,981) on tools, plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2015

11. STOCKS

	2015	2014
	£	£
Finished goods	2,445,309	1,779,040
Raw materials and consumables	2,897,589	2,560,595
	<u>5,342,898</u>	<u>4,339,635</u>

12. DEBTORS

	2015	2014
	£	£
Amounts due within one year		
Trade debtors	3,081,035	2,597,932
Other debtors	752,839	498,628
Corporation tax	-	5,872
Prepayments and accrued income	218,513	185,279
	<u>4,052,387</u>	<u>3,287,711</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Bank loans and overdraft	4,697,751	2,987,837
Obligations under finance lease and hire purchase contracts	119,128	137,007
Carbon trust loan	45,534	-
Trade creditors	2,899,847	2,710,060
Other taxation and social security	335,518	154,109
Other creditors	29,980	37,007
Accruals and deferred income	258,197	202,587
	<u>8,385,955</u>	<u>6,228,607</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2015

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

	2015 £	2014 £
Bank loans	778,987	841,409
Obligations under finance lease and hire purchase contracts	281,564	400,692
Carbon Trust loan	86,136	-
Director's loan account	1,999,008	1,042,694
	<u>3,145,696</u>	<u>2,284,795</u>

The director's loan account is unsecured and interest-free. Repayment will not be sought until the company is in a position to make such repayments and, in any event, it will not be repayable in full within 12 months of the date of the signing of the 2015 financial statements.

The overdraft and all bank loans are secured by fixed and floating charges over all the assets and undertakings of the company. The loan bears interest at 2.5% above base rate and the overdraft bears interest at 3.5% above base rate. The finance lease and hire purchase creditors are secured by the assets to which they relate.

15. PROVISIONS FOR LIABILITIES

	Legal provisions £	Credit note provision £	Deferred taxation £	Total £
At 1 November 2014	132,045	26,878	99,758	258,681
Utilised through profit and loss account	(117,045)	(26,878)	-	(143,923)
At 31 October 2015	<u>15,000</u>	<u>-</u>	<u>99,758</u>	<u>114,758</u>

Refer to note 17 for an analysis of the deferred taxation provided in the financial statements.

16. BORROWINGS

Analysis of finance lease and hire purchase contracts:

	2015 £	2014 £
Repayments net of future finance charges -		
Within one year or on demand	119,128	137,007
Between one and two years	119,128	119,128
Between two and five years	162,436	281,564
	<u>400,692</u>	<u>537,699</u>
	£	£
Analysis of bank loans and overdraft -		
Within one year or on demand	4,697,751	2,987,737
Between one and two years	75,837	68,436
Between two and five years	216,332	218,009
After more than five years	486,818	554,964
	<u>5,470,852</u>	<u>3,829,146</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2015

17. DEFERRED TAXATION

	2015 £	2014 £
Opening position	(99,758)	(58,366)
Adjustment in respect of prior periods	2,608	(1,550)
Current year movement – timing differences, origination and reversal	(29,681)	(39,842)
Closing position	<u>(126,831)</u>	<u>(99,758)</u>

An analysis of the deferred taxation provided in the financial statements is as follows:

	£	£
Accelerated capital allowances	(271,732)	(191,052)
Short-term timing differences	17,634	19,594
Trading losses	127,267	71,700
Deferred taxation liability	<u>(126,831)</u>	<u>(99,758)</u>

Deferred taxation is expected to reverse at 20%.

18. CALLED UP SHARE CAPITAL

	2015 £	2014 £
Called up, allotted and fully paid		
101,030 ordinary shares of £1 each	101,030	101,030
1,500 preference shares of £1,000 each	1,500,000	1,500,000
	<u>1,601,030</u>	<u>1,601,030</u>

The holders of the preference shares are not entitled to vote at general meetings of the company. Dividends may be paid and the shares may be redeemed, at any time, at the option of the company. No premium is repayable on redemption.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 October 2015

19. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £
At 1 November 2014	4,083,243
Profit for the financial year	96,737
	<hr/>
At 31 October 2015	4,207,053
	<hr/>

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Opening shareholders' funds	4,083,243	4,040,125
Profit for the financial year	96,737	43,118
	<hr/>	<hr/>
Closing shareholders' funds	4,207,053	4,083,243
	<hr/>	<hr/>

21. FINANCIAL COMMITMENTS

	Plant and machinery 2015 £	2014 £
Operating leases		
Annual commitments which expire:		
Within one year	3,768	13,778
Between one and two years	32,213	22,330
Between two and five years	19,997	19,640
	<hr/>	<hr/>
	55,978	55,748
	<hr/>	<hr/>

22. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

At 31 October 2015, there was an amount due to the director and shareholder C D R Allen of £2,007,913 (2014 - £1,102,694) in respect of monies loaned to the company. The maximum amount outstanding at any point during the year was £2,052,562. The net amount paid to the company in the period by C D R Allen was £44,650 (2014 - £60,179 paid by the company). There is no interest being charged on this loan and the director has confirmed that he will not seek repayment of the balance until the company is in a position to make such repayment.

The director P Lewis had monies outstanding with regard to personal expenditure during the year. £8,905 was still outstanding at 31 October 2015 (2014 - £9,870). This was the maximum amount outstanding at any point during the year. No interest was charged on this loan during the year.

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr C D R Allen, a director and majority shareholder of the company.