

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2018**

for

Henley Bridge Ingredients Limited

SATURDAY



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for the Year Ended 31 December 2018**

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**Company Information
for the Year Ended 31 December 2018**

DIRECTORS:

Mr A C Mycock
Mrs K Mycock
Mr T St John

REGISTERED OFFICE:

Bank Chambers
61 High Street
Cranbrook
Kent
TN17 3EG

BUSINESS ADDRESS:

Cocoa House
15 The Cliffe Industrial Estate
South Street
Lewes
East Sussex
BN8 6JL

REGISTERED NUMBER:

03605607 (England and Wales)

AUDITORS:

McCabe Ford Williams
Statutory Auditors and
Chartered Accountants
Bank Chambers
61 High Street
Cranbrook
Kent
TN17 3EG

**Strategic Report
for the Year Ended 31 December 2018**

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

REVIEW OF BUSINESS

Following the currency travails of the previous year, Sterling continued to weaken further for the first 8 months of the year, but then remained in a steady range as the Brexit process progressed. Despite the backdrop of much lower cocoa prices, turnover increased from £19.123m to £21.364m, an increase of 11.7%.

The focus continued to be on margin and the average for the year increased to 23.0% compared to 20.9% in 2017. Sales grew in all sectors and the investment in the Foodservice and Ice Cream/Gelato sectors continued to pay off with direct impact on turnover and margins. Future plans focus on developing and consolidating the margin position, whilst continuing to grow turnover through range extensions and new product lines.

Stock levels at the end of the year were significantly higher than previous years which was due to an average increase in chocolate prices by c.5% from 31 December 2017 and secondly to a pre-Brexit stock build. Regardless of the eventual outcome of Brexit, stock levels are likely to be greater than in the previous years due to continuing uncertainty during this period.

The KPI's upon which the Company bases financial evaluations are gross profit, EBITDA, debtor days and stock turnover.

	2018	2017
Gross profit	23.0%	20.9%
EBITDA	7.4%	6.5%
Debtor days	53	41
Stock days	54	45

The debtor days and stock turnover had increased at 31 December 2018 due to the stock build that is noted above.

The company operates a wide range of operational and commercial non-financial KPI's that are reviewed at regular management meetings as an integral part of its management system.

**Strategic Report
for the Year Ended 31 December 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are broadly grouped as competitive, financial instrument risk and the use of derivatives.

Competitive risks

The company competes in an open market environment across the above named sectors. The company's customers select suppliers based on a combination of factors including capability, price, delivery, quality and reputation. The company has mitigated these risks by, wherever possible, entering into long-term framework agreements with a number of its key accounts. The company also monitors KPI's including on-time delivery, cost of quality and quotation conversion rates to monitor its competitive position.

Financial risk management policy

The company's principal financial investments comprise cash and loans. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below. The company utilises a contract specific hedging plan and any significant financial risks are addressed on a case-by-case basis.

Credit risk

The company has external debtors; however, the company monitors its customers via a credit referencing agency in order to ensure that credit is not extended where there is a likelihood of default.

Interest rate risk

The company finances its operations through debtor financing.

Liquidity risk

The company's policy is to ensure that it has committed borrowing facilities in place, in excess of its peak forecast borrowings and cash flow projections.

Cash flow risk

The company manages this risk, by tracking cash on a daily basis, forecasting on a monthly basis and ensuring facilities are available in excess of that forecast.

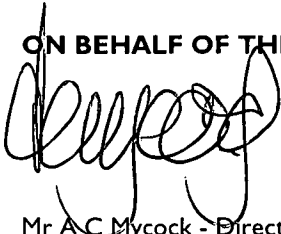
**Strategic Report
for the Year Ended 31 December 2018**

GOING CONCERN

In preparation of the financial statements, the directors have made an assessment of the company's ability to continue as a going concern.

Given the customer spread and liquidity, the directors have prepared detailed forecasts which show that the company is able to operate within its existing financial arrangements. The company is expected to remain profitable into the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'A.C. Mycock', written over the text 'ON BEHALF OF THE BOARD:'.

Mr A.C. Mycock - Director

25 March 2019

**Report of the Directors
for the Year Ended 31 December 2018**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of procuring and supplying food ingredients to industry.

DIVIDENDS

The total dividend distribution for the year ended 31 December 2018 was £285,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Mr A C Mycock

Mrs K Mycock

Mr T St John

CHARITABLE DONATIONS AND EXPENDITURE

During the year the company made charitable donations of £2,063. These donations were on an ad hoc basis and were to local and well established national charities.

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

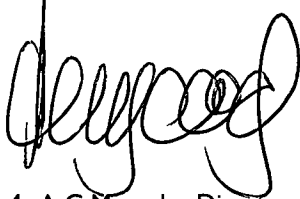
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware 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 December 2018**

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

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

Mr A C Mycock - Director

25 March 2019

Report of the Independent Auditors to the Members of Henley Bridge Ingredients Limited

Opinion

We have audited the financial statements of Henley Bridge Ingredients Limited (the 'company') for the year ended 31 December 2018 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).

In our opinion the financial statements:

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

Report of the Independent Auditors to the Members of Henley Bridge Ingredients Limited

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 five, 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.

**Report of the Independent Auditors to the Members of
Henley Bridge Ingredients Limited**

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.



David Boobyer FCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and
Chartered Accountants
Bank Chambers
61 High Street
Cranbrook
Kent
TN17 3EG

25 March 2019

**Income Statement
for the Year Ended 31 December 2018**

		31.12.18		31.12.17	
	Notes	£	£	£	£
TURNOVER			21,364,959		19,122,686
Cost of sales			16,450,443		15,129,044
GROSS PROFIT			4,914,516		3,993,642
Distribution costs		43,685		37,751	
Administrative expenses		3,408,767		2,875,197	
			3,452,452		2,912,948
			1,462,064		1,080,694
Other operating income			35,013		69,468
OPERATING PROFIT	4		1,497,077		1,150,162
Interest receivable and similar income			49		21
			1,497,126		1,150,183
Interest payable and similar expenses	5		-		2,776
PROFIT BEFORE TAXATION			1,497,126		1,147,407
Tax on profit	6		241,140		227,262
PROFIT FOR THE FINANCIAL YEAR			1,255,986		920,145

The notes form part of these financial statements

Henley Bridge Ingredients Limited**Other Comprehensive Income
for the Year Ended 31 December 2018**

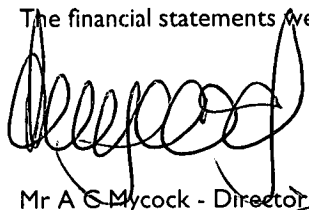
	31.12.18	31.12.17
Notes	£	£
PROFIT FOR THE YEAR	1,255,986	920,145
OTHER COMPREHENSIVE INCOME		
Buyback of own shares	-	(1,105,435)
Income tax relating to other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	-	(1,105,435)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,255,986</u>	<u>(185,290)</u>

The notes form part of these financial statements

Balance Sheet
31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
FIXED ASSETS					
Tangible assets	8		278,334		333,587
Investments	9		50		50
			<u>278,384</u>		<u>333,637</u>
CURRENT ASSETS					
Stocks	10	2,414,196		1,863,133	
Debtors	11	4,044,167		2,741,342	
Cash at bank and in hand		299,248		50,557	
		<u>6,757,611</u>		<u>4,655,032</u>	
CREDITORS					
Amounts falling due within one year	12	4,855,139		3,770,425	
				<u>3,770,425</u>	
NET CURRENT ASSETS			<u>1,902,472</u>		<u>884,607</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,180,856</u>		<u>1,218,244</u>
PROVISIONS FOR LIABILITIES	15		37,639		46,013
			<u>37,639</u>		<u>46,013</u>
NET ASSETS			<u>2,143,217</u>		<u>1,172,231</u>
CAPITAL AND RESERVES					
Called up share capital	16		135		135
Capital redemption reserve	17		65		65
Retained earnings	17		2,143,017		1,172,031
			<u>2,143,017</u>		<u>1,172,031</u>
SHAREHOLDERS' FUNDS			<u>2,143,217</u>		<u>1,172,231</u>

The financial statements were approved by the Board of Directors on 25 March 2019 and were signed on its behalf by:


Mr A G Mycock - Director


Mr T St John - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 December 2018**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2017	200	1,644,174	-	1,644,374
Changes in equity				
Issue of share capital	(65)	-	-	(65)
Dividends	-	(286,788)	-	(286,788)
Total comprehensive income	-	(185,355)	65	(185,290)
Balance at 31 December 2017	<u>135</u>	<u>1,172,031</u>	<u>65</u>	<u>1,172,231</u>
Changes in equity				
Dividends	-	(285,000)	-	(285,000)
Total comprehensive income	-	1,255,986	-	1,255,986
Balance at 31 December 2018	<u><u>135</u></u>	<u><u>2,143,017</u></u>	<u><u>65</u></u>	<u><u>2,143,217</u></u>

The notes form part of these financial statements

**Cash Flow Statement
for the Year Ended 31 December 2018**

	Notes	31.12.18 £	31.12.17 £
Cash flows from operating activities			
Cash generated from operations	I	742,204	1,552,049
Interest paid		-	(2,776)
Tax paid		(179,909)	(226,517)
Net cash from operating activities		<u>562,295</u>	<u>1,322,756</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(36,903)	(74,668)
Purchase of fixed asset investments		-	(50)
Sale of tangible fixed assets		8,250	1,645
Interest received		49	21
Net cash from investing activities		<u>(28,604)</u>	<u>(73,052)</u>
Cash flows from financing activities			
Share issue		-	(65)
Share buyback		-	(1,105,435)
Equity dividends paid		(285,000)	(286,788)
Net cash from financing activities		<u>(285,000)</u>	<u>(1,392,288)</u>
Increase/(decrease) in cash and cash equivalents		<u>248,691</u>	<u>(142,584)</u>
Cash and cash equivalents at beginning of year	2	50,557	193,141
Cash and cash equivalents at end of year	2	<u><u>299,248</u></u>	<u><u>50,557</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2018**

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

	31.12.18	31.12.17
	£	£
Profit before taxation	1,497,126	1,147,407
Depreciation charges	85,259	85,090
(Profit)/loss on disposal of fixed assets	(1,353)	4,767
Finance costs	-	2,776
Finance income	(49)	(21)
	<u>1,580,983</u>	<u>1,240,019</u>
(Increase)/decrease in stocks	(551,063)	122,881
(Increase)/decrease in trade and other debtors	(1,302,825)	740,748
Increase/(decrease) in trade and other creditors	<u>1,015,109</u>	<u>(551,599)</u>
Cash generated from operations	<u><u>742,204</u></u>	<u><u>1,552,049</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>299,248</u>	<u>50,557</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>50,557</u>	<u>193,141</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

1. STATUTORY INFORMATION

Henley Bridge Ingredients Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the 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, management is required to make judgements, estimates and assumptions about the carrying value 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 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 to 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. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the depreciation charges that are calculated with reference to the useful economic life of fixed assets.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement. The useful lives and residual values of the company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life, such as changes in technology. Historically, changes in useful lives and residual values have not resulted in material changes to the company's depreciation charge.

Turnover

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

Tangible fixed assets

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

Leasehold property	- Over period of lease
Improvements to leasehold property	- Over period of lease
Plant and machinery	- 15% on reducing balance
Fixtures, fittings and equipment	- straight line basis between 3 & 10 years
Motor vehicles	- 25% on reducing balance

Investments in associates

Investments in associate undertakings are recognised at cost.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Stocks

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

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company enters into basic financial instruments 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.

a) Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

c) Impairment of financial assets

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 profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

d) Trade and other creditors

Debt instruments like loans and other accounts payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

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.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

3. EMPLOYEES AND DIRECTORS

	31.12.18	31.12.17
	£	£
Wages and salaries	1,856,732	1,508,339
Social security costs	204,433	153,764
Other pension costs	27,588	14,021
	<u>2,088,753</u>	<u>1,676,124</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

3. EMPLOYEES AND DIRECTORS - continued

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

	31.12.18	31.12.17
Warehouse	19	17
Directors and Administration	35	36
	<u>54</u>	<u>53</u>

	31.12.18	31.12.17
	£	£
Directors' remuneration	26,779	33,505
Directors' pension contributions to money purchase schemes	-	50
	<u>-</u>	<u>50</u>

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

Money purchase schemes	-	1
	<u>-</u>	<u>1</u>

4. OPERATING PROFIT

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

	31.12.18	31.12.17
	£	£
Other operating leases	43,685	37,751
Depreciation - owned assets	85,259	85,090
(Profit)/loss on disposal of fixed assets	(1,353)	4,767
Auditors' remuneration	9,500	6,000
Exchange rate gains	(106,577)	(63,359)
	<u>(106,577)</u>	<u>(63,359)</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.18	31.12.17
	£	£
Bank loan interest	-	2,776
	<u>-</u>	<u>2,776</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

6. TAXATION

Analysis of the tax charge

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

	31.12.18	31.12.17
	£	£
Current tax:		
UK corporation tax	295,933	226,328
Corporation tax for earlier periods	(46,419)	-
Total current tax	249,514	226,328
Deferred tax:		
Accelerated capital allowances	(8,374)	934
Tax on profit	241,140	227,262

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:

	31.12.18	31.12.17
	£	£
Profit before tax	1,497,126	1,147,407
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.247%)	284,454	220,841
Effects of:		
Expenses not deductible for tax purposes	5,561	8,716
Change in rate of deferred tax	(2,456)	(2,295)
Tax refunds as a result of claims for R&D enhancement expenditure in earlier years	(46,419)	-
Total tax charge	241,140	227,262

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 December 2018.

	31.12.17	
	Gross	Tax
	£	£
Buyback of own shares	(1,105,435)	-
	(1,105,435)	(1,105,435)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

7. DIVIDENDS

	31.12.18 £	31.12.17 £
Ordinary 'A' shares of £1 each Interim	177,000	156,925
Ordinary 'B' shares of £1 each Interim	108,000	129,863
	<u>285,000</u>	<u>286,788</u>

8. TANGIBLE FIXED ASSETS

	Leasehold property £	Improvements to leasehold property £	Plant and machinery £
COST			
At 1 January 2018	32,316	277,680	124,469
Disposals	-	-	(11,250)
	<u>32,316</u>	<u>277,680</u>	<u>113,219</u>
At 31 December 2018	32,316	277,680	113,219
DEPRECIATION			
At 1 January 2018	16,810	125,088	72,166
Charge for year	2,584	25,432	7,588
Eliminated on disposal	-	-	(9,046)
	<u>19,394</u>	<u>150,520</u>	<u>70,708</u>
At 31 December 2018	19,394	150,520	70,708
NET BOOK VALUE			
At 31 December 2018	<u>12,922</u>	<u>127,160</u>	<u>42,511</u>
At 31 December 2017	<u>15,506</u>	<u>152,592</u>	<u>52,303</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

8. TANGIBLE FIXED ASSETS - continued

	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
COST			
At 1 January 2018	436,174	23,450	894,089
Additions	36,903	-	36,903
Disposals	-	(7,450)	(18,700)
	<u>473,077</u>	<u>16,000</u>	<u>912,292</u>
At 31 December 2018			
DEPRECIATION			
At 1 January 2018	339,227	7,211	560,502
Charge for year	46,359	3,296	85,259
Eliminated on disposal	-	(2,757)	(11,803)
	<u>385,586</u>	<u>7,750</u>	<u>633,958</u>
At 31 December 2018			
NET BOOK VALUE			
At 31 December 2018	<u>87,491</u>	<u>8,250</u>	<u>278,334</u>
At 31 December 2017	<u>96,947</u>	<u>16,239</u>	<u>333,587</u>

9. FIXED ASSET INVESTMENTS

	Interest in associate £
COST	
At 1 January 2018 and 31 December 2018	<u>50</u>
NET BOOK VALUE	
At 31 December 2018	<u>50</u>
At 31 December 2017	<u>50</u>

10. STOCKS

	31.12.18 £	31.12.17 £
Stocks	<u>2,414,196</u>	<u>1,863,133</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Trade debtors	3,090,030	2,157,523
Other debtors	785,630	419,863
Prepayments	168,507	163,956
	<u>4,044,167</u>	<u>2,741,342</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Trade creditors	2,558,393	1,866,047
Tax	295,933	226,328
Other taxation and social security	46,539	43,222
Other creditors	8,634	8,342
Invoice discounting	1,725,799	1,535,500
Accrued expenses	219,841	90,986
	<u>4,855,139</u>	<u>3,770,425</u>

13. LEASING AGREEMENTS

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

	31.12.18	31.12.17
	£	£
Within one year	13,784	3,305
Between one and five years	105,174	100,232
In more than five years	1,052,150	1,243,450
	<u>1,171,108</u>	<u>1,346,987</u>

The main leasing commitments are for two buildings occupied by the company which expire in 2024.

14. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.18	31.12.17
	£	£
Invoice discounting	<u>1,725,799</u>	<u>1,535,500</u>

Lloyds Bank Commercial Finance Limited hold an unlimited debenture dated 17 August 2010 incorporating a fixed and floating charge over all property and assets of the company.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

15. PROVISIONS FOR LIABILITIES

	31.12.18	31.12.17
	£	£
Deferred tax	37,639	46,013
		Deferred tax
		£
Balance at 1 January 2018		46,013
Accelerated capital allowances		(8,374)
Balance at 31 December 2018		37,639

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.18	31.12.17
Number:	Class:	Nominal value:	£	£
100	Ordinary 'A'	£1	75	75
100	Ordinary 'B'	£1	60	60
			135	135

17. RESERVES

	Retained earnings	Capital redemption reserve	Totals
	£	£	£
At 1 January 2018	1,172,031	65	1,172,096
Profit for the year	1,255,986		1,255,986
Dividends	(285,000)		(285,000)
At 31 December 2018	2,143,017	65	2,143,082

18. RELATED PARTY DISCLOSURES

Dividends of £285,000 were paid to directors of the company.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

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

During the previous year the company acquired 50 Ordinary £ 1 shares, representing a 50% shareholding in a new company, FH Distribution Ltd. Henley Bridge Ingredients Ltd has significant influence over FH Distribution Ltd but does not have control over the company. Net sales of £887,203 were made to FH Distribution Ltd during the year ended 31 December 2018 and the balance outstanding to Henley Bridge Ingredients Ltd at 31 December 2018 was £164,328. The transactions are conducted at arms length.

The company also advanced a loan of £3,700 to FH Distribution Ltd during the previous year. The loan is interest-free and no repayment terms have been agreed. During the year, a repayment of £2,500 was received, leaving a balance of £1,200 outstanding at 31 December 2018. A further £80 is owed to Henley Bridge Ingredients Ltd for purchases made on behalf of FH Distribution Ltd.