

Company Registration No. 03934026 (England and Wales)

SILVERY TWEED CEREALS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2018

SATURDAY



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SILVERY TWEED CEREALS LIMITED

COMPANY INFORMATION

Directors	R S Gladstone Mr A J Tullis Mr M A Mole Mr P R Thompson
Secretary	Mrs L Douglas
Company number	03934026
Registered office	Tweedside Trading Estate Tweedmouth Berwick upon Tweed Northumberland TD15 2XF
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD
Business address	Tweedside Trading Estate Tweedmouth Berwick upon Tweed Northumberland TD15 2XF
Bankers	Yorkshire Bank 131 - 135 Northumberland Street Newcastle upon Tyne NE1 7AG

SILVERY TWEED CEREALS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2018

The directors present the strategic report for the year ended 30 April 2018.

Fair review of the business

The principal activity of the company is milling, blending and coating food ingredients.

Silvery Tweed Cereals Limited operate on a cost plus basis where selling price is derived from the materials cost plus a processing charge. During the year there was a general 7% increase in volume through the business which produced a turnover of £20,438,587 (2017: £18,919,207). Net assets as of 30 April 2018 have increased to £3,992,755 as a result of the profit for the year.

Key performance indicators

The directors review the trading performance of the company using a number of key performance indicators.

The prime KPI's used are Turnover and Profit before tax.

	2018 £	2017 £	2016 £
Turnover	20,438,587	18,919,207	20,362,378
Profit before tax	651,209	605,992	730,529

Turnover

There was increase of 7% volume in 2018 compared to 2017 and the directors have looked at increasing the volume through the business by working with existing customers and targeting new customers.

Profit before tax

Profit before tax was up on 2017 as a result of increased turnover. Investment in plant and machinery and a continual look at efficiency should see profit levels held at 2018 levels. The directors are pleased that despite difficult trading conditions the profit before tax has been held at £651,209.

Financial risk management objectives & policies

The company finances its operations through a mixture of retained profits and bank overdraft to fund its operating cash requirements. The management's objectives are to:

- a) retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due whilst maximising returns on surplus funds; and
- b) minimise the company's exposure to fluctuating interest rates when seeking borrowings.

As all of the company's surplus funds are invested in Sterling bank accounts and all its borrowings are obtained from standard bank overdrafts there is no price risk.

All banking arrangements are with Yorkshire Bank plc and the directors believe their choice of bank minimised any credit risk.

Silvery Tweed Cereals Limited have increased the overall number of customers and have spread volume, turnover and profit across this wider customer base. In the opinion of the directors this reduces risk and reliance on a concentrated number of customers.

The company has increased the sales department headcount and will continue to develop new sales leads and customers with a view to further reducing the risk of over reliance on a small number of key customers.

SILVERY TWEED CEREALS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

Development and performance

There continues to be pressure to remain price competitive with our customer base. The company has continued to invest in continuous improvement activities which will enable the company to maintain and improve profitability.

A focus of the company has always been the quality we offer to the customer. A combination of investment in new plant and machinery and in our technical department staff means that we will be able to continue to push quality standards in the future.

On behalf of the board



R S Gladstone

Director

13 September 2018

SILVERY TWEED CEREALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2018

The directors present their annual report and financial statements for the year ended 30 April 2018.

Principal activities

The principal activity of the company continued to be that of milling, blending and coating food ingredients.

Directors

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

R S Gladstone

Mr A J Tullis

Mr M A Mole

Mr P R Thompson

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

Strategic report

Details of the company's principal activities, business review and financial risk management objectives and policies are included within Strategic Report.

On behalf of the board



R S Gladstone

Director

13 September 2018

SILVERY TWEED CEREALS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2018

The directors are responsible for preparing the Strategic Report and the Directors' 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; 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 SILVERY TWEED CEREALS LIMITED

Opinion

We have audited the financial statements of Silvery Tweed Cereals Limited (the 'company') for the year ended 30 April 2018 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SILVERY TWEED CEREALS LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of this report

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



Steven Cleugh FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD
25/9/18

SILVERY TWEED CEREALS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2017 £
Turnover	3	20,438,587	18,919,207
Cost of sales		(16,672,369)	(15,411,003)
Gross profit		<u>3,766,218</u>	<u>3,508,204</u>
Distribution costs		(1,712,670)	(1,452,301)
Administrative expenses		(1,402,339)	(1,449,911)
Profit before taxation		<u>651,209</u>	<u>605,992</u>
Tax on profit	7	(130,442)	(92,681)
Profit for the financial year		<u>520,767</u>	<u>513,311</u>
Retained earnings brought forward		<u>3,471,987</u>	<u>2,958,676</u>
Retained earnings carried forward		<u><u>3,992,754</u></u>	<u><u>3,471,987</u></u>

SILVERY TWEED CEREALS LIMITED**BALANCE SHEET****AS AT 30 APRIL 2018**

	Notes	2018 £	£	2017 £	£
Current assets					
Stocks	8	2,084,842		1,792,457	
Debtors	9	6,268,524		4,083,195	
Cash at bank and in hand		112,383		279,168	
		8,465,749		6,154,820	
Creditors: amounts falling due within one year	10	(4,472,994)		(2,682,832)	
Net current assets		3,992,755		3,471,988	
Capital and reserves					
Called up share capital	13		1		1
Profit and loss reserves	14	3,992,754		3,471,987	
Total equity		3,992,755		3,471,988	

The financial statements were approved by the board of directors and authorised for issue on 13 September 2018 and are signed on its behalf by:



R S Gladstone
Director

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

Company information

Silvery Tweed Cereals Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Tweedside Trading Estate, Tweedmouth, Berwick upon Tweed, Northumberland, TD15 2XF.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of H.O. Short & Son Limited. These consolidated financial statements are available from its registered office, Tweedside Trading Estate, Tweedmouth, Berwick Upon Tweed, TD15 2XF.

Going concern

The directors consider the company has adequate resources available to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

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

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

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

Research and development

Expenditure on pure and applied research is charged to the profit and loss account during the year in which it is incurred.

Stocks

Stocks of raw materials and consumables are valued at the lower of cost and net realisable value. Cost is purchase cost on a first in first out basis. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provisions are made for obsolete and slow-moving items.

Stocks of finished goods are valued at selling price less an adjustment for estimated profit, as in the opinion of the directors this is not materially different from a valuation based on the lower of cost and net realisable value, and is the only practical method available to arrive at a figure which approximated the lower of cost and net realisable value.

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

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Impairment of financial assets

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

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

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

Employee benefits

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

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

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Sale of goods	20,438,587	18,919,207

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

3 Turnover and other revenue (Continued)

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	19,611,485	18,044,402
Rest of Europe	827,102	874,805
	<u>20,438,587</u>	<u>18,919,207</u>

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	15,315	11,300
Cost of stocks recognised as an expense	14,928,119	13,789,233
Operating lease charges	153,827	76,731
	<u>15,096,261</u>	<u>13,877,264</u>

5 Employees

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

	2018 Number	2017 Number
Production	70	66
Distribution	5	5
Administration	9	10
	<u>84</u>	<u>81</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,993,654	1,892,419
Social security costs	186,198	170,759
Pension costs	18,300	14,052
	<u>2,198,152</u>	<u>2,077,230</u>

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	324,158	358,666
Company pension contributions to defined contribution schemes	3,303	3,241
	<u>327,461</u>	<u>361,907</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2017 - 4).

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

	2018 £	2017 £
Remuneration for qualifying services	89,314	92,330
Company pension contributions to defined contribution schemes	391	373
	<u>89,705</u>	<u>92,703</u>

7 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	127,993	82,467
Adjustments in respect of prior periods	2,247	11,843
Total current tax	<u>130,240</u>	<u>94,310</u>
Deferred tax		
Origination and reversal of timing differences	202	(1,629)
Total tax charge	<u>130,442</u>	<u>92,681</u>

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

7 Taxation (Continued)

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	651,209	605,992
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	123,730	121,198
Tax effect of expenses that are not deductible in determining taxable profit	940	1,116
Adjustments in respect of prior years	2,247	11,843
Other timing differences	3,525	989
Deduction for R&D expenditure	-	(42,465)
Taxation charge for the year	130,442	92,681

8 Stocks

	2018 £	2017 £
Raw materials and consumables	1,267,936	1,004,512
Finished goods and goods for resale	816,906	787,945
	2,084,842	1,792,457

9 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	3,630,977	1,893,264
Amounts owed by group undertakings	2,217,677	1,905,647
Other debtors	121,419	93,852
Prepayments and accrued income	295,915	187,694
	6,265,988	4,080,457
Deferred tax asset (note 11)	2,536	2,738
	6,268,524	4,083,195

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

10 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts		922,734	-
Trade creditors		3,077,815	2,257,517
Corporation tax		131,243	99,363
Other taxation and social security		77,128	54,432
Other creditors		-	18,111
Accruals and deferred income		264,074	253,409
		<u>4,472,994</u>	<u>2,682,832</u>

The bank overdraft is secured by way of a fixed and floating debenture charge granted by Silvery Tweed Cereals Limited over all of the assets of the company. There is a cross corporate guarantee in relation to the bank overdraft between Silvery Tweed Cereals Limited and the ultimate parent company H.O. Short & Son Limited.

11 Deferred taxation

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

	Assets 2018 £	Assets 2017 £
Balances:		
Decelerated tax balances	1,616	2,202
Tax losses	535	536
Short term timing differences	385	-
	<u>2,536</u>	<u>2,738</u>
Movements in the year:		2018 £
Asset at 1 May 2017		(2,738)
Charge to profit or loss		202
Asset at 30 April 2018		<u>(2,536)</u>

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

12 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	18,300	14,052

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

13 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
1 Ordinary Share of £1 each	1	1
	<u>1</u>	<u>1</u>

The company's ordinary share, which carries no right to fixed income, carries the right to one vote at general meetings of the company.

14 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

15 Operating lease commitments

Lessee

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

	2018 £	2017 £
Within one year	113,873	106,361
Between one and five years	133,800	98,214
	<u>247,673</u>	<u>204,575</u>

SILVERY TWEED CEREALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

16 Related party transactions

The following amounts were outstanding at the reporting end date:

	2018
	Balance
Amounts owed by related parties	£
Key management personnel	10,000
	<u> </u>

There were no amounts owed in the previous period.

There exists a cross corporate guarantee between Silvery Tweed Cereals Limited and H.O. Short & Son Limited.

17 Controlling party

The ultimate parent company is H.O. Short & Son Limited, a company incorporated in the United Kingdom. The consolidated financial statements of H.O. Short & Son Limited can be obtained from Companies House.

In the opinion of the directors, H.O. Short & Son Limited is not controlled by any single party.