Kingston Smith

# Rhino Products Holdings Limited

## Annual Report and Consolidated Financial Statements

## For the year ended 30 April 2017

TUESDAY

*L6YPKZ97*

LD2 30/01/2018 #8

COMPANIES HOUSE

Company Registration No. 09566921 (England and Wales)

# Rhino Products Holdings Limited

## Company Information

| | |
|---|---|
| **Directors** | Mr C. Boult<br>Mr S. Egerton |
| **Company number** | 09566921 |
| **Registered office** | Sixth Avenue<br>Zone 2<br>Deeside Industrial Park<br>Deeside<br>Flintshire<br>CH5 2LB |
| **Auditors** | Kingston Smith LLP<br>The Shipping Building<br>The Old Vinyl Factory<br>Blyth Road<br>Hayes<br>London<br>UB3 1HA |
| **Business address** | Sixth Avenue<br>Zone 2<br>Deeside Industrial Park<br>Deeside<br>Flintshire<br>CH5 2LB |

# Rhino Products Holdings Limited

## Contents


| | Page |
|---|---|
| Strategic report | 1 - 2 |
| Directors' report | 3 |
| Directors' responsibilities statement | 4 |
| Independent auditors' report | 5 - 6 |
| Group statement of comprehensive income | 7 |
| Group balance sheet | 8 |
| Company balance sheet | 9 |
| Group statement of changes in equity | 10 |
| Company statement of changes in equity | 11 |
| Group statement of cash flows | 12 |
| Notes to the financial statements | 13 - 33 |

# Rhino Products Holdings Limited

## Strategic Report

## For the year ended 30 April 2017

The directors present the strategic report and financial statements for the year ended 30 April 2017.

**Fair review of the business**
The principal business activity of the group throughout the year was that of a manufacturer of roof racks, roof bars and other related accessories for commercial vehicles.

The directors consider the performance in the year to be very good. However, we believe there is scope for further improvement moving forward into the next financial year.

The directors are satisfied with the financial position of the business and the group as a whole as at 30 April 2017 and we expect to continue growing the business in the short, medium and long term future.

**Principal risks and uncertainties**
The group aims to minimise all reasonable business risks through its internal control mechanisms and safeguards that it operates throughout the group.

The group and its employees work hard to comply with the required standards imposed by:
- Government
- Tax Authorities
- Health & Safety Authorities
- ISO 9001
- TUV

We are committed to minimising business risks through strong internal controls and effective staff training, including any external training that is beneficial for the group.

The directors consider the group's main commercial and financial risks to be:
- Exchange rate fluctuations
- Economic uncertainty due to Brexit
- Competition
- Product development
- Insolvency of customers

The group manages its exchange rate risk by holding a Euro bank account in a subsidiary company and anticipating foreign exchange needs.

The group mitigates the risk of competition and product development by supplying a wide variety of high quality products to various markets, catering for a number of different types of customer with bespoke fittings on a wide range of commercial vehicles.

As with any trading group, the group is exposed to the risk of bad debts and potential recoverability issues. The group mitigates this risk by credit checking customers, having credit limits in place along with having a wide spread of customers without an over reliance on any one customer in particular.

**Key performance indicators**
The directors consider the key financial performance indicators to be turnover and gross profit.

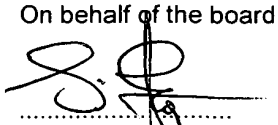
The turnover increased by 15.7% to £13,218,197 this year compared to £11,426,425 in 2016. The gross profit increased to £6,872,283 this year compared to £6,038,274 in 2016. This gross profit increase in value terms of £834,009 has been achieved by 1) increased sales in the year and 2) a consistent gross margin in the year of 52.8% last year to 52.0% this year. The gross margin has been maintained in the year through improved efficiency and control over both direct product purchases and direct labour costs.

**Future developments**

The directors are optimistic of future growth in the European and USA markets over the coming year. The strong brand name established by Rhino Products Limited in the UK over a number of years along with the continued growth of Rhino Products BV will help to achieve this objective. As part of this continued growth in Europe a new distribution arm has been set up in Sweden to service the Nordic customer base. This will be supported by continued growth and dominance in the UK as the current market leader.

Research and development will continue to be at the forefront of the business moving forward as the group continues to innovate and bring new high quality products to market.

On behalf of the board



.....

Mr S. Egerton

**Director**

.....11/1/18.....

# Rhino Products Holdings Limited

## Directors' Report

## For the year ended 30 April 2017

The directors present their annual report and financial statements for the year ended 30 April 2017.

**Principal activities**
The principal activity of the company is that of a holding company. The principal activities of the group continued to be that of a manufacturer and distributor of roof racks, roof bars and other related accessories for commercial vehicles.

The company acquired a business in the year whose principal activity is the sale of vehicle access steps.

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

Mr C. Boult
Mr S. Egerton

**Results and dividends**
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,200,000. The directors do not recommend payment of a final dividend.

**Post reporting date events**
Details of material non-adjusting post balance sheet events are set out in note 31.

**Auditors**
Kingston Smith LLP were reappointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be reappointed will be put at a General Meeting.

**Strategic report**
The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of research and developments and future developments.

**Statement of disclosure to auditors**
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 auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

.....
Mr S. Egerton
**Director**
.....11/1/18.....

# Rhino Products Holdings Limited

## Directors' Responsibilities Statement

## For the year ended 30 April 2017

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 group and company, and of the profit or loss of the group 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Rhino Products Holdings Limited

## Independent Auditors' Report

## To the Members of Rhino Products Holdings Limited

We have audited the financial statements of Rhino Products Holdings Limited for the year ended 30 April 2017 which comprise the Group Statement of Total Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. 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) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement as 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. 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 (APB'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 group's and the parent 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 group's and the parent company's affairs as at 30 April 2017 and of the group's 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, 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.

**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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Kingston Smith LLP

**Mahmood Ramji (Senior Statutory Auditor)**
**for and on behalf of Kingston Smith LLP, Statutory Auditor**

15 January 2018

The Shipping Building
The Old Vinyl Factory
Blyth Road
Hayes
London
UB3 1HA

# Rhino Products Holdings Limited

## Group Statement of Total Comprehensive Income

## For the year ended 30 April 2017

| | Notes | 2017 £ | 2016 £ |
|---|---|---|---|
| **Turnover** | 3 | 13,218,197 | 11,426,425 |
| Cost of sales | | (6,345,914) | (5,388,151) |
| **Gross profit** | | 6,872,283 | 6,038,274 |
| Distribution costs | | (984,984) | (1,167,204) |
| Administrative expenses | | (3,262,442) | (2,498,030) |
| Other operating income | | - | 55,000 |
| **Operating profit** | 4 | 2,624,857 | 2,428,040 |
| Interest receivable and similar income | 9 | 70 | 58 |
| Interest payable and similar charges | 8 | (26,590) | (3,001) |
| **Profit before taxation** | | 2,598,337 | 2,425,097 |
| Taxation | 10 | (512,509) | (447,281) |
| **Profit for the financial year** | | 2,085,828 | 1,977,816 |
| **Other comprehensive income** | | | |
| Currency translation differences | | (22,350) | - |
| **Total comprehensive income for the year** | | 2,063,478 | 1,977,816 |
| Profit for the financial year is attributable to: | | | |
| - Owners of the parent company | | 2,139,533 | 1,977,816 |
| - Non-controlling interests | | (53,705) | - |
| | | 2,085,828 | 1,977,816 |
| Total comprehensive income for the year is attributable to: | | | |
| - Owners of the parent company | | 2,117,183 | 1,977,816 |
| - Non-controlling interests | | (53,705) | - |
| | | 2,063,478 | 1,977,816 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# Rhino Products Holdings Limited

## Group Balance Sheet

## As at 30 April 2017

| | Notes | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Goodwill | **12** | | 385,702 | | 120,730 |
| Other intangible assets | **12** | | 286,717 | | 296,959 |
| Total intangible assets | | | 672,419 | | 417,689 |
| Tangible assets | **13** | | 1,083,635 | | 952,332 |
| | | | 1,756,054 | | 1,370,021 |
| **Current assets** | | | | | |
| Stocks | **17** | 1,930,723 | | 1,183,062 | |
| Debtors | **18** | 2,626,161 | | 1,795,944 | |
| Investments | **19** | 56,680 | | - | |
| Cash at bank and in hand | | 1,593,255 | | 996,918 | |
| | | 6,206,819 | | 3,975,924 | |
| **Creditors: amounts falling due within *one year*** | **20** | (2,806,857) | | (2,090,194) | |
| **Net current assets** | | | 3,399,962 | | 1,885,730 |
| **Total assets less current liabilities** | | | 5,156,016 | | 3,255,751 |
| **Creditors: amounts falling due after more than one year** | **21** | | (998,394) | | (12,177) |
| **Provisions for liabilities** | **24** | | (191,095) | | (157,068) |
| **Net assets** | | | 3,966,527 | | 3,086,506 |
| **Capital and reserves** | | | | | |
| Called up share capital | **27** | | 1,000 | | 1,000 |
| Foreign exchange reserve | | | 25,547 | | 11,201 |
| Profit and loss reserves | | | 3,991,488 | | 3,074,305 |
| **Equity attributable to owners of the parent company** | | | 4,018,035 | | 3,086,506 |
| **Non-controlling interests** | | | (51,508) | | - |
| | | | 3,966,527 | | 3,086,506 |

The financial statements were approved by the board of directors and authorised for issue on ...11/1/18.....
and are signed on its behalf by:

.....
Mr S. Egerton
**Director**

# Rhino Products Holdings Limited

## Company Balance Sheet

## As at 30 April 2017

| | Notes | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | **14** | | 630,739 | | 17,110 |
| **Current assets** | | | | | |
| Debtors | **18** | 554,014 | | 4,394 | |
| Cash at bank and in hand | | 73,342 | | 185,544 | |
| | | 627,356 | | 189,938 | |
| **Creditors: amounts falling due within one year** | **20** | (91,985) | | (16,110) | |
| **Net current assets** | | | 535,371 | | 173,828 |
| **Total assets less current liabilities** | | | 1,166,110 | | 190,938 |
| **Creditors: amounts falling due after more than one year** | **21** | | (980,170) | | - |
| **Net assets** | | | 185,940 | | 190,938 |
| **Capital and reserves** | | | | | |
| Called up share capital | **27** | | 1,000 | | 1,000 |
| Profit and loss reserves | | | 184,940 | | 189,938 |
| ***Total equity*** | | | 185,940 | | 190,938 |

The financial statements were approved by the board of directors and authorised for issue on 11/1/18 and are signed on its behalf by:

Mr S. Egerton
***Director***

**Company Registration No. 09566921**

## Rhino Products Holdings Limited

### Group Statement of Changes in Equity

### For the year ended 30 April 2017

| | Notes | Share capital £ | Foreign exchange reserve £ | Profit and loss reserves £ | Total controlling interest £ | Non-controlling interest £ | Total £ |
|---|---|---|---|---|---|---|---|
| **Balance at 1 May 2015** | | 1,000 | (11,403) | 2,096,489 | 2,086,086 | - | 2,086,086 |
| **Year ended 30 April 2016:** | | | | | | | |
| Profit and total comprehensive income for the year | | - | - | 1,977,816 | 1,977,816 | - | 1,977,816 |
| Dividends | 11 | - | - | (1,000,000) | (1,000,000) | - | (1,000,000) |
| Foreign exchange movement in period | | - | 22,604 | - | 22,604 | - | 22,604 |
| **Balance at 30 April 2016** | | 1,000 | 11,201 | 3,074,305 | 3,086,506 | - | 3,086,506 |
| **Year ended 30 April 2017:** | | | | | | | |
| Profit for the year | | - | - | 2,139,533 | 2,139,533 | (53,705) | 2,085,828 |
| Other comprehensive income: | | | | | | | |
| Currency translation differences on overseas subsidiaries | | - | - | (22,350) | (22,350) | - | (22,350) |
| Total comprehensive income for the year | | - | - | 2,117,183 | 2,117,183 | (53,705) | 2,063,478 |
| Dividends | 11 | - | - | (1,200,000) | (1,200,000) | - | (1,200,000) |
| Foreign exchange movement in period | | - | 14,346 | - | 14,346 | - | 14,346 |
| Acquisition of non-controlling interests | | - | - | - | - | 2,197 | 2,197 |
| **Balance at 30 April 2017** | | 1,000 | 25,547 | 3,991,488 | 4,018,035 | (51,508) | 3,966,527 |

# Rhino Products Holdings Limited

## Company Statement of Changes in Equity

## For the year ended 30 April 2017

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|---|---|---|---|---|
| **Balance at 1 May 2015** | | - | - | - |
| **Year ended 30 April 2016:** | | | | |
| Profit and total comprehensive income for the year | | - | 989,938 | 989,938 |
| Issue of share capital | **27** | 1,000 | - | 1,000 |
| Dividends | **11** | - | (800,000) | (800,000) |
| **Balance at 30 April 2016** | | 1,000 | 189,938 | 190,938 |
| **Year ended 30 April 2017:** | | | | |
| Profit and total comprehensive income for the year | | - | 1,195,002 | 1,195,002 |
| Dividends | | - | (1,200,000) | (1,200,000) |
| **Balance at 30 April 2017** | | 1,000 | 184,940 | 185,940 |

# Rhino Products Holdings Limited

## Group Statement of Cash Flows

## For the year ended 30 April 2017

| | Notes | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | 36 | | 2,622,119 | | 2,544,738 |
| Interest paid | | | (26,590) | | (3,001) |
| Income taxes paid | | | (591,320) | | (285,943) |
| **Net cash inflow from operating activities** | | | 2,004,209 | | 2,255,794 |
| **Investing activities** | | | | | |
| Purchase of business | | (463,841) | | - | |
| Purchase of intangible assets | | (147,347) | | (159,086) | |
| Purchase of tangible fixed assets | | (417,049) | | (397,261) | |
| Proceeds on disposal of tangible fixed assets | | 7,100 | | 122 | |
| Interest received | | 70 | | 58 | |
| **Net cash used in investing activities** | | | (1,021,067) | | (556,167) |
| **Financing activities** | | | | | |
| Proceeds of new bank loans | | 1,000,000 | | - | |
| Repayment of bank loans | | (134,815) | | (88,007) | |
| Payment of finance leases obligations | | (51,990) | | (16,732) | |
| Dividends paid to equity shareholders | | (1,200,000) | | (1,000,000) | |
| **Net cash used in financing activities** | | | (386,805) | | (1,104,739) |
| **Net increase in cash and cash equivalents** | | | 596,337 | | 594,888 |
| Cash and cash equivalents at beginning of year | | | 996,918 | | 402,030 |
| **Cash and cash equivalents at end of year** | | | 1,593,255 | | 996,918 |

## 1 Accounting policies

### Company information

Rhino Products Holdings Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Sixth Avenue, Zone 2, Deeside Industrial Park, Deeside, Flintshire, CH5 2LB.

### 1.1 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 pound.

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

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £1,195,002 (2016 - £989,938 profit).

These accounts have been prepared under merger accounting principles under FRS102: Section 19 – "Business Combinations and Goodwill". Rhino Products Holdings was incorporated on 29 April 2015. On 15 July 2015 the company became the immediate parent of both Rhino Products Limited and Rhino Products BV. There have been no changes in the ultimate shareholders, therefore the business combination and the group reconstruction has been treated as a merger for business combination purposes.

### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Rhino Products Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

**1 Accounting policies** **(Continued)**

**1.3 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods 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.

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.

**1.5 Intangible fixed assets - goodwill**

Goodwill on the acquisition of AVS Steps Limited is written off in equal annual instalments over its estimated useful life of 5 years.

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 4 years.

**1 Accounting policies** **(Continued)**

**1.6 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Software | 10 years |
| Trademarks and patents | 4 - 5 years |
| Development costs | 4 years |

**1.7 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Leasehold improvements | 25% Reducing balance |
| Plant and equipment | 20% Reducing balance & 50% straight line |
| Fixtures, fittings & computer equipment | 20-25% Reducing balance & 20-33% straight line |
| Motor vehicles | 25% Reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

**1.8 Fixed asset investments**

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**1 Accounting policies** **(Continued)**

**1.9 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Raw material costs are comprised of the direct cost of material.

Work in progress and finished goods are comprised of unit cost plus labour costs absorbed in machinery/manufacturing, and absorbed overhead costs.

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.

**1.10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.11 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 receivables 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest.

***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 group 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 group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price.

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

**1 Accounting policies** **(Continued)**

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

**1.12 Equity instruments**

Equity instruments issued by the group are recorded at the 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 group.

**1.13 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.14 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**1 Accounting policies** **(Continued)**

**1.15 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.

**1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 lease asset are consumed.

**1.18 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**1.19 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

**1.20 Other operating income**

Other operating income represents rents and government grants (see 1.18) receivable which are recognised over the period when the right to the income arises.

## 2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

**Critical judgements and estimates**

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

***Depreciation/amortisation***

The annual depreciation and amortisation charges in respect of tangible and intangible fixed assets are based on the director's best estimate of the useful economic lives and residual values of each asset class. The useful economic lives and residual values of each asset class are reassessed annually. Annual impairment reviews are performed on each class of asset to ensure that the carrying values are appropriate.

***Stock provisions***

The company makes an estimate of the value of obsolete and slow moving stock lines based on the aging of the stock in hand. Provision is made where the estimated selling price less is less than the original cost.

***Debtor provisions***

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors the directors consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. Provision is made when there is significant uncertainty over the timing or liklihood of the recovery of debts.

***Deferred tax***

Provisions for deferred tax assets and liabilities are made where the timing differences between the recognition of accounting and taxable profits can be assessed with reasonable certainty. Variances are provided for in full where the recognition criteria of FRS102 section 29 are met.

## 3 Turnover and other revenue

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

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Turnover** | | |
| Sale of goods | 13,218,197 | 11,426,425 |

## 3 Turnover and other revenue (Continued)

**Other significant revenue**

| | | |
|---|---|---|
| Grants received | - | 55,000 |

**Turnover analysed by geographical market**

| | 2017 £ | 2016 £ |
|---|---|---|
| United Kingdom | 9,455,388 | 8,551,641 |
| Europe | 3,762,809 | 2,874,784 |
| | 13,218,197 | 11,426,425 |

## 4 Operating profit

| Operating profit for the year is stated after charging/(crediting): | 2017 £ | 2016 £ |
|---|---|---|
| Exchange gains/(losses) | (43,946) | 1,793 |
| Research and development costs | 2,276 | - |
| Government grants | - | (55,000) |
| Depreciation of owned tangible fixed assets | 325,888 | 284,770 |
| Depreciation of tangible fixed assets held under finance leases | 17,927 | 10,487 |
| Loss/(profit) on disposal of tangible fixed assets | (2,049) | 3,353 |
| Amortisation of intangible assets | 245,609 | 221,587 |
| Cost of stocks recognised as an expense | 5,809,213 | 5,146,987 |
| Operating lease charges | 242,824 | 199,035 |

## 5 Auditors' remuneration

| Fees payable to the company's auditor and its associates: | 2017 £ | 2016 £ |
|---|---|---|
| **For audit services** | | |
| Audit of the financial statements of the group and company | 7,950 | 2,450 |
| Audit of the company's subsidiaries | 31,750 | 11,245 |
| | 39,700 | 13,695 |

The remuneration for the auditors' of the parent company was borne by Rhino Products Limited.

## 6 Employees

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

| | 2017 Number | 2016 Number |
|---|---|---|
| Manufacturing and distribution | 74 | 34 |
| Research and development | 2 | 3 |
| Administration and management | 36 | 32 |
| | 112 | 69 |

Their aggregate remuneration comprised:

| | 2017 £ | 2016 £ |
|---|---|---|
| Wages and salaries | 2,218,081 | 1,642,164 |
| Social security costs | 216,320 | 142,035 |
| Pension costs | 83,014 | 52,074 |
| | 2,517,415 | 1,836,273 |

## 7 Directors' remuneration

| | 2017 £ | 2016 £ |
|---|---|---|
| Remuneration for qualifying services | 76,759 | 68,760 |
| Company pension contributions to defined contribution schemes | 24,000 | 32,833 |
| | 100,759 | 101,593 |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 0).

The remuneration for the directors' of the parent company was borne by Rhino Products Limited.

The remuneration of key management personnel, who are also directors, was £111,259 (2016: £101,593).

## 8 Interest payable and similar charges

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Interest on financial liabilities measured at amortised cost:** | | |
| Interest on bank overdrafts and loans | 17,727 | 633 |
| Interest on finance leases and hire purchase contracts | 8,575 | 2,368 |
| Other interest | 288 | - |
| | 26,590 | 3,001 |

## 9 Interest receivable and similar income

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Interest income** | | |
| Other interest income | 70 | 58 |

## 10 Taxation

| | 2017 £ | 2016 £ |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profits for the current period | 420,095 | 356,064 |
| Adjustments in respect of prior periods | (189) | - |
| Total UK current tax | 419,906 | 356,064 |
| Foreign current tax on profits for the current period | 114,633 | 103,180 |
| Total current tax | 534,539 | 459,244 |
| **Deferred tax** | | |
| *Origination and reversal of timing differences* | 1,530 | (11,963) |
| Changes in tax rates | (23,560) | - |
| Total deferred tax | (22,030) | (11,963) |
| Total tax charge | 512,509 | 447,281 |

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

| | 2017 £ | 2016 £ |
|---|---|---|
| Profit before taxation | 2,598,337 | 2,425,097 |
| *Expected tax charge based on the standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)* | 517,589 | 485,019 |
| Tax effect of expenses that are not deductible in determining taxable profit | 8,846 | 4,971 |
| Tax effect of income not taxable in determining taxable profit | - | (496) |
| Tax effect of utilisation of tax losses not previously recognised | (8,787) | - |
| Unutilised tax losses carried forward | - | 12 |
| Depreciation on assets not qualifying for tax allowances | 43,817 | 11,043 |
| Research and development tax credit | (21,341) | (41,065) |
| Under/(over) provided in prior years | (189) | - |
| Patent box deduction | (18,017) | (26,940) |
| Other movements | (3,332) | - |
| Effect of foreign tax rates | 15,953 | 14,737 |
| Deferred tax movements | (22,030) | - |
| Tax expense for the year | 512,509 | 447,281 |

## 11 Dividends

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Interim paid | 1,200,000 | 1,000,000 |

## 12 Intangible fixed assets

| Group | Goodwill | Software | Trademarks and patents | Development costs | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost** | | | | | |
| At 1 May 2016 | 360,000 | - | 152,198 | 838,740 | 1,350,938 |
| Additions - internally developed | - | - | - | 82,410 | 82,410 |
| Additions - separately acquired | - | 35,769 | 29,168 | - | 64,937 |
| Additions - business combinations | 352,988 | - | - | - | 352,988 |
| At 30 April 2017 | 712,988 | 35,769 | 181,366 | 921,150 | 1,851,273 |
| **Amortisation and impairment** | | | | | |
| At 1 May 2016 | 239,270 | - | 111,948 | 582,031 | 933,249 |
| Amortisation charged for the year | 88,016 | 1,196 | 26,509 | 129,888 | 245,609 |
| Exchange adjustments | - | (4) | - | - | (4) |
| At 30 April 2017 | 327,286 | 1,192 | 138,457 | 711,919 | 1,178,854 |
| **Carrying amount** | | | | | |
| At 30 April 2017 | 385,702 | 34,577 | 42,909 | 209,231 | 672,419 |
| At 30 April 2016 | 120,730 | - | 40,250 | 256,709 | 417,689 |

The company had no intangible fixed assets at 30 April 2017 or 30 April 2016.

## 13 Tangible fixed assets

| Group | Leasehold improvements | Plant and equipment | Fixtures, fittings & computer equipment | Motor vehicles | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost** | | | | | |
| At 1 May 2016 | 386,275 | 1,387,168 | 486,582 | 141,868 | 2,401,893 |
| Additions | 66,585 | 203,253 | 134,071 | 39,635 | 443,544 |
| Business combinations | - | 314,381 | - | - | 314,381 |
| Disposals | - | (2,706) | (9,006) | (26,471) | (38,183) |
| Transfers | - | (252,083) | - | - | (252,083) |
| Exchange adjustments | - | - | 728 | 694 | 1,422 |
| At 30 April 2017 | 452,860 | 1,650,013 | 612,375 | 155,726 | 2,870,974 |
| **Depreciation and impairment** | | | | | |
| At 1 May 2016 | 181,892 | 882,827 | 320,189 | 64,653 | 1,449,561 |
| Business combinations | - | 192,062 | - | - | 192,062 |
| Depreciation charged in the year | 83,974 | 163,776 | 71,239 | 22,224 | 341,213 |
| Eliminated in respect of disposals | - | (2,676) | (5,746) | (24,710) | (33,132) |
| Transfers | - | (162,720) | - | - | (162,720) |
| Exchange adjustments | (48) | (39) | 386 | 56 | 355 |
| At 30 April 2017 | 265,818 | 1,073,230 | 386,068 | 62,223 | 1,787,339 |
| **Carrying amount** | | | | | |
| At 30 April 2017 | 187,042 | 576,783 | 226,307 | 93,503 | 1,083,635 |
| At 30 April 2016 | 204,383 | 504,341 | 166,393 | 77,215 | 952,332 |

The company had no tangible fixed assets assets at 30 April 2017 or 30 April 2016.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £10,577 (2016: £10,487) for the year.

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Plant and equipment | 101,395 | 18,961 | - | - |
| Motor vehicles | 38,510 | 17,241 | - | - |
| | 139,905 | 36,202 | - | - |

## 14 Fixed asset investments

| | Notes | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|---|---|---|---|---|---|
| Investments in subsidiaries | 15 | - | - | 499,611 | 17,110 |
| Loans to subsidiaries | 15 | - | - | 131,128 | - |
| | | - | - | 630,739 | 17,110 |

## 15 Subsidiaries

Details of the company's subsidiaries at 30 April 2017 are as follows:

| Name of undertaking and country of incorporation or residency | | Nature of business | Class of shareholding | % Held Direct | Indirect |
|---|---|---|---|---|---|
| Rhino Products BV | The Netherlands | Import and distribution of roof rack and roof bar systems for trade use | Ordinary | 100 | |
| Rhino Products Limited | United Kingdom | Production and distribution of roof rack and roof bar systems for trade use | Ordinary | 100 | |
| Rhino Products Nordic AB | Sweden | Import and distribution of roof rack and roof bar systems for trade use | Ordinary | 50 | |
| Rhino Products Spolka Z.o.o | Poland | Import and distribution of roof rack and roof bar systems for trade use | Ordinary | 100 | |
| AVS Steps Limited | United Kingdom | Marketing and sale of vehicle access steps | Ordinary | 100 | |

## 16 Financial instruments

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|---|---|---|---|---|
| **Carrying amount of financial assets** | | | | |
| Debt instruments measured at amortised cost | 2,382,318 | 1,643,370 | 506,468 | 2,197 |
| Equity instruments measured at cost less impairment | - | - | 749,697 | 17,110 |
| **Carrying amount of financial liabilities** | | | | |
| Measured at amortised cost | 3,360,970 | 1,664,781 | 1,072,155 | 16,110 |

## 17 Stocks

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|---|---|---|---|---|
| Raw materials and consumables | 1,095,244 | 489,191 | - | - |
| Work in progress | 153,362 | 114,845 | - | - |
| Finished goods and goods for resale | 682,117 | 579,026 | - | - |
| | 1,930,723 | 1,183,062 | - | - |

## 18 Debtors

| Amounts falling due within one year: | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|---|---|---|---|---|
| Trade debtors | 2,380,424 | 1,640,323 | - | - |
| Amounts due from subsidiary undertakings | - | - | 554,014 | - |
| Other debtors | 75,946 | 3,047 | - | 2,197 |
| Prepayments and accrued income | 169,791 | 152,574 | - | 2,197 |
| | 2,626,161 | 1,795,944 | 554,014 | 4,394 |

## 19 Current asset investments

| | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|---|---|---|---|---|
| Assets held for sale | 56,680 | - | - | - |

## 20 Creditors: amounts falling due within one year

| | Notes | Group 2017 £ | 2016 £ | Company 2017 £ | 2016 £ |
|---|---|---|---|---|---|
| Obligations under finance leases | 22 | 20,504 | 16,789 | - | - |
| Corporation tax payable | | 285,140 | 292,874 | - | - |
| Other taxation and social security | | 159,141 | 144,716 | - | - |
| Trade creditors | | 2,179,852 | 1,506,325 | - | - |
| Amounts due to subsidiary undertakings | | - | - | 63,985 | 16,110 |
| Other creditors | | 19,273 | 9,024 | - | - |
| Accruals and deferred income | | 142,947 | 120,466 | 28,000 | - |
| | | 2,806,857 | 2,090,194 | 91,985 | 16,110 |

## 21 Creditors: amounts falling due after more than one year

| | Notes | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|---|---|---|---|---|---|
| Loans and overdrafts | 23 | 980,170 | - | 980,170 | - |
| Obligations under finance leases | 22 | 18,224 | 12,177 | - | - |
| | | 998,394 | 12,177 | 980,170 | - |

## 22 Finance lease obligations

| | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|---|---|---|---|---|
| Future minimum lease payments due under finance leases: | | | | |
| Within one year | 20,504 | 16,789 | - | - |
| In two to five years | 18,224 | 12,177 | - | - |
| | 38,728 | 28,966 | - | - |

Finance lease payments represent rentals payable by the group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

## 23 Loans and overdrafts

| | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|---|---|---|---|---|
| Bank loans | 980,170 | - | 980,170 | - |
| Payable after one year | 980,170 | - | 980,170 | - |

The bank loan is secured by way of a fixed and floating charge over the assets of the group.

## 24 Provisions for liabilities

| | | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|---|---|---|---|---|---|
| Warranty provision | | 56,057 | - | - | - |
| Deferred tax liabilities | 25 | 135,038 | 157,068 | - | - |

## 24 Provisions for liabilities (Continued)

Movements on provisions:

| Warranty provision | £ |
|---|---|
| Acquired with AVS Steps Ltd | 44,872 |
| Additional provisions in the year | 11,185 |
| At 30 April 2017 | 56,057 |

## 25 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

| Group | Liabilities 2017 £ | Liabilities 2016 £ |
|---|---|---|
| Accelerated capital allowances | 118,279 | 120,272 |
| Other timing differences | 16,759 | 36,796 |
| | 135,038 | 157,068 |

| Movements in the year: | Group 2017 £ | Company 2017 £ |
|---|---|---|
| Liability at 1 May 2016 | 157,068 | - |
| Charge to profit or loss | (22,030) | - |
| Liability at 30 April 2017 | 135,038 | - |

## 26 Retirement benefit schemes

| | 2017 | 2016 |
|---|---|---|
| **Defined contribution schemes** | **£** | **£** |
| Charge to profit and loss in respect of defined contribution schemes | 83,014 | 52,074 |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

## 27 Share capital

| | Group and company | |
|---|---|---|
| | 2017 | 2016 |
| **Ordinary share capital** | **£** | **£** |
| **Issued and fully paid** | | |
| 2,000 Oridinary shares of 50p each | 1,000 | 1,000 |

## 28 Acquisition of a business

On 1 March 2017 the company acquired 100% of the issued capital of AVS Steps Limited for consideration of £479,259.

| | Book Value<br>£ | Fair Value<br>£ |
|---|---|---|
| Tangible assets | 124,919 | 88,394 |
| Stock | 528,872 | 428,872 |
| Debtors | 561,111 | 487,391 |
| Cash and cash equivalents | 78,718 | 78,718 |
| Creditors | (862,232) | (912,232) |
| Provisions for liabilities | (44,872) | (44,872) |
| | | 126,271 |
| Goodwill | | 352,988 |
| Total consideration | | 479,259 |

| The consideration was satisfied by: | £ |
|---|---|
| Cash | 451,259 |
| Deferred consideration | 28,000 |
| | 479,259 |

| Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition: | £ |
|---|---|
| Turnover | 704,983 |
| Profit after tax | 20,859 |

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the company's products in new and existing markets and the future operating synergies from the combination.

## 29 Financial commitments, guarantees and contingent liabilities

The company operates from leased premises and the terms of the lease may require those premises to be returned to the original condition noted on entry. The directors believe that the company has improved the property and maintained the property to a high standard of repair, and as such there is no significant uncertainty over the amount, if any, that may become payable on termination of the lease.

Rhino Products Holdings Limited and Rhino Products Limited have given a multilateral guarantee in favour of a bank.

## 30 Capital commitments

At 30 April 2017 the group had capital commitments as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Contracted for but not provided in the financial statements: | | | | |
| Acquisition of property, plant and equipment | 236,399 | - | - | - |

## 31 Events after the reporting date

Post year end the company declared dividends amounting to £600,000.

## 32 Operating lease commitments

### Lessee

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Within one year | 236,327 | 154,291 | - | - |
| Between two and five years | 446,379 | 561,279 | - | - |
| | 682,706 | 715,570 | - | - |

## 33 Controlling party

The two directors control the group and company by virtue of a controlling interest of 100% of the issued ordinary share capital.

## 34 Related party transactions

**Rhino Products Holdings Limited**
During the year Rhino Products Holdings Limited received interest of £6,550 (2016: £nil) for the loan made to Rhino Products Nordic AB on the incorporation of the company. At the year end the amount of the loan outstanding from Rhino Products Nordic AB was £178,674 (2016: £nil).

The company has taken the exemption to disclose related party transactions under the same control in accordance with FRS 102 - Section 33 "Related Party Disclosures".

**Rhino Products Limited**
During the year Rhino Products Limited sold goods to Rhino Products Nordic AB, a company under common control, totalling £157,024 (2016: £nil), and recharged services totalling £60,346 (2016: £nil). At the year end Rhino Products Nordic AB owed £92,813 (2016: £nil) to Rhino Products Limited.

## 35 Directors' transactions

Dividends totalling £1,200,000 (2016: £1,000,000) were paid in the year in respect of shares held by the company's directors.

## 36 Cash generated from group operations

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Profit for the year after tax | 2,085,828 | 1,977,816 |
| Adjustments for: | | |
| Taxation charged | 512,509 | 447,281 |
| Finance costs | 26,590 | 3,001 |
| Investment income | (70) | (58) |
| (Gain)/loss on disposal of tangible fixed assets | (2,049) | 3,353 |
| Amortisation and impairment of intangible assets | 245,609 | 221,587 |
| Depreciation and impairment of tangible fixed assets | 341,213 | 295,257 |
| Increase in provisions | 11,185 | - |
| Movement due to foreign exchange | (10,028) | 22,372 |
| Movements in working capital: | | |
| (Increase) in stocks | (318,788) | (34,132) |
| (Increase) in debtors | (224,133) | (217,409) |
| (Decrease) in creditors | (45,747) | (174,330) |
| **Cash generated from operations** | 2,622,119 | 2,544,738 |