

COMPANY REGISTRATION NUMBER: 01522740

GARLAND PRODUCTS LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018



LANGARD LIFFORD HALL LIMITED

Accountants and Statutory Auditors

Lifford Hall
Lifford Lane
Kings Norton
Birmingham
B30 3JN

GARLAND PRODUCTS LIMITED
GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

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GARLAND PRODUCTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R S Glendenning
H M Glendenning

Registered office

Building 27 First Avenue
Pensnett Estate
Kingswinford
DY6 7TZ

Auditor

Langard Lifford Hall Limited
Accountants and Statutory Auditors
Lifford Hall
Lifford Lane
Kings Norton
Birmingham
B30 3JN

GARLAND PRODUCTS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2018

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

Principal activities and business review

The principal activity of the company was the supply of specialist horticultural, as well as general, plastic moulded products.

The principal activities of the group during the year were the manufacture and sale of plastic components and products processed by injection moulding and also the purchase and sale of garden furniture covers along with other garden sundries in the United Kingdom and export worldwide.

The group has once again grown over the year and further cemented the group's reputation for providing excellent service and for the supply of high-quality products. We continue to win new business and the increase in export business has been particularly encouraging.

The directors use the following key performance indicators to monitor the performance of the business against prior years and competitors:

	2018	2017
	£	£
Turnover	11,377,910	10,533,939
Gross profit %	22	18
Profit before taxation	601,556	200,938
Shareholders funds	3,188,359	2,977,008

Principal risks and uncertainties

The directors are of the opinion that there are no specific risks attributable to the group of which need to be highlighted other than normal commercial risks. Risks to the business are reported and reviewed at regular meetings of the directors and risk mitigation strategies implemented as appropriate.

The directors believe that the quality of the company's products and customer service will mitigate these risks resulting in continued growth and satisfactory trading performance.

The company's credit risk is mainly attributable to trade receivables. The exposure is spread over a large number of customers, which limits exposure.

The principal uncertainty that the company faces is the cost of raw materials, and that of the cost of power. The company has no influence over these items and is therefore at risk to the general market forces.

This report was approved by the board of directors on 16 September 2019 and signed on behalf of the board by:



H M Glendenning
Director

Registered office:
Building 27 First Avenue
Pensnett Estate
Kingswinford
DY6 7TZ

GARLAND PRODUCTS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2018

The directors present their report and the Group Financial Statements of the group for the year ended 31 December 2018.

Directors

The directors who served the company during the year were as follows:

R S Glendenning
H M Glendenning

Dividends

Particulars of recommended dividends are detailed in note 11 to the Group Financial Statements.

Future developments

The group will continue to invest in its garden products range to meet the demands of key garden retailers going forward.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 16 September 2019 and signed on behalf of the board by:



H M Glendenning
Director

Registered office:
Building 27 First Avenue
Pensnett Estate
Kingswinford
DY6 7TZ

GARLAND PRODUCTS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the strategic report, directors' report and the Group Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group Financial Statements for each financial year. Under that law the directors have elected to prepare the Group 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 Group Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these Group Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the Group 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 Group 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.

GARLAND PRODUCTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARLAND
PRODUCTS LIMITED
YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the Group Financial Statements of Garland Products Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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 Group Financial Statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the Group 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 Group Financial Statements is not appropriate; or
- the directors have not disclosed in the Group Financial Statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 Group Financial Statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the Group Financial Statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Group 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 Group Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group 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 Group 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 Group Financial Statements are prepared is consistent with the Group Financial Statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

GARLAND PRODUCTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARLAND
PRODUCTS LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2018

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 Group 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, the directors are responsible for the preparation of the Group 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 Group Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group Financial Statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

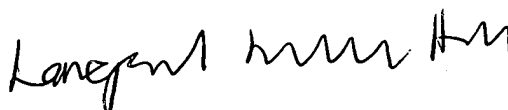
Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the Group 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 Group Financial Statements.

A further description of our responsibilities for the audit of the Group Financial Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



David J Hanby (Senior Statutory Auditor)

For and on behalf of
 Langard Lifford Hall Limited
 Accountants and Statutory Auditors
 Lifford Hall, Lifford Lane, Kings Norton,
 Birmingham, B30 3JN

16 September 2019

GARLAND PRODUCTS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	11,377,910	10,533,939
Cost of sales		<u>8,914,372</u>	<u>8,591,690</u>
Gross profit		2,463,538	1,942,249
Distribution costs		<u>304,115</u>	<u>301,611</u>
Administrative expenses		<u>1,527,385</u>	<u>1,426,587</u>
Operating profit	5	632,038	214,051
Interest payable and similar expenses	9	<u>30,482</u>	<u>13,113</u>
Profit before taxation		601,556	200,938
Tax on profit	10	<u>113,104</u>	<u>35,866</u>
Profit for the financial year and total comprehensive income		<u>488,452</u>	<u>165,072</u>
Profit for the financial year attributable to:			
The owners of the parent company		<u>483,351</u>	<u>199,062</u>
Non-controlling interests		<u>5,101</u>	<u>(33,990)</u>
		<u>488,452</u>	<u>165,072</u>

All the activities of the group are from continuing operations.

The notes on pages 13 to 25 form part of these Group Financial Statements.

GARLAND PRODUCTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	(49,493)	(74,240)
Tangible assets	13	1,001,054	1,042,369
Investments	14	48,000	48,000
		<u>999,561</u>	<u>1,016,129</u>
Current assets			
Stocks	15	1,804,745	1,718,384
Debtors	16	1,864,328	1,939,997
Cash at bank and in hand		575,605	110,879
		<u>4,244,678</u>	<u>3,769,260</u>
Creditors: amounts falling due within one year	17	<u>1,751,945</u>	<u>1,450,364</u>
Net current assets		<u>2,492,733</u>	<u>2,318,896</u>
Total assets less current liabilities		<u>3,492,294</u>	<u>3,335,025</u>
Creditors: amounts falling due after more than one year	18	216,812	286,130
Provisions			
Taxation including deferred tax	20	124,328	114,193
Net assets		<u><u>3,151,154</u></u>	<u><u>2,934,702</u></u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	3,188,259	2,976,908
Equity attributable to the owners of the parent company		<u>3,188,359</u>	<u>2,977,008</u>
Non-controlling interests		<u>(37,205)</u>	<u>(42,306)</u>
		<u><u>3,151,154</u></u>	<u><u>2,934,702</u></u>

These Group Financial Statements were approved by the board of directors and authorised for issue on 16 September 2019, and are signed on behalf of the board by:



H M Glendenning
 Director

Company registration number: 01522740

The notes on pages 13 to 25 form part of these Group Financial Statements.

GARLAND PRODUCTS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	94,755	117,783
Investments	14	341,107	341,107
		<u>435,862</u>	<u>458,890</u>
Current assets			
Stocks	15	582,104	400,218
Debtors	16	1,596,975	1,403,803
Cash at bank and in hand		480,182	164,184
		<u>2,659,261</u>	<u>1,968,205</u>
Creditors: amounts falling due within one year	17	<u>1,078,917</u>	<u>509,358</u>
Net current assets		<u>1,580,344</u>	<u>1,458,847</u>
Total assets less current liabilities		<u>2,016,206</u>	<u>1,917,737</u>
Creditors: amounts falling due after more than one year	18	<u>10,039</u>	<u>21,981</u>
Net assets		<u><u>2,006,167</u></u>	<u><u>1,895,756</u></u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	2,006,067	1,895,656
Shareholders funds		<u><u>2,006,167</u></u>	<u><u>1,895,756</u></u>

The profit for the financial year of the parent company was **£382,411** (2017: £225,297).

These Group Financial Statements were approved by the board of directors and authorised for issue on 16 September 2019, and are signed on behalf of the board by:



H M Glendenning
 Director

Company registration number: 01522740

The notes on pages 13 to 25 form part of these Group Financial Statements.

GARLAND PRODUCTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

		Called up share capital £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
At 1 January 2017		100	3,017,846	3,017,946	(8,316)	3,009,630
Profit for the year			199,062	199,062	(33,990)	165,072
Total comprehensive income for the year		-	199,062	199,062	(33,990)	165,072
Dividends paid and payable	11	-	(240,000)	(240,000)	-	(240,000)
Total investments by and distributions to owners		-	(240,000)	(240,000)	-	(240,000)
At 31 December 2017		100	2,976,908	2,977,008	(42,306)	2,934,702
Profit for the year			483,351	483,351	5,101	488,452
Total comprehensive income for the year		-	483,351	483,351	5,101	488,452
Dividends paid and payable	11	-	(272,000)	(272,000)	-	(272,000)
Total investments by and distributions to owners		-	(272,000)	(272,000)	-	(272,000)
At 31 December 2018		100	3,188,259	3,188,359	(37,205)	3,151,154

The notes on pages 13 to 25 form part of these Group Financial Statements.

GARLAND PRODUCTS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2017		100	1,910,359	1,910,459
Profit for the year			225,297	225,297
Total comprehensive income for the year		-	225,297	225,297
Dividends paid and payable	11	-	(240,000)	(240,000)
Total investments by and distributions to owners		-	(240,000)	(240,000)
At 31 December 2017		100	1,895,656	1,895,756
Profit for the year			382,411	382,411
Total comprehensive income for the year		-	382,411	382,411
Dividends paid and payable	11	-	(272,000)	(272,000)
Total investments by and distributions to owners		-	(272,000)	(272,000)
At 31 December 2018		100	2,006,067	2,006,167

The notes on pages 13 to 25 form part of these Group Financial Statements.

GARLAND PRODUCTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	488,452	165,072
<i>Adjustments for:</i>		
Depreciation of tangible assets	191,925	198,505
Amortisation of intangible assets	(24,747)	(24,746)
Interest payable and similar expenses	30,482	13,113
Gains on disposal of tangible assets	(2,331)	-
Tax on profit	113,104	35,866
Accrued expenses	70,117	48,519
<i>Changes in:</i>		
Stocks	(86,361)	(477,409)
Trade and other debtors	75,669	(50,583)
Trade and other creditors	114,058	(8,929)
Cash generated from operations	<u>970,368</u>	<u>(100,592)</u>
Interest paid	(30,482)	(13,113)
Tax paid	(23,685)	(83,917)
Net cash from/(used in) operating activities	<u>916,201</u>	<u>(197,622)</u>
Cash flows from investing activities		
Purchase of tangible assets	(189,529)	(231,577)
Proceeds from sale of tangible assets	41,250	-
Net cash used in investing activities	<u>(148,279)</u>	<u>(231,577)</u>
Cash flows from financing activities		
Proceeds from borrowings	8,655	2,107
Payments of finance lease liabilities	(39,851)	149,333
Dividends paid	(272,000)	(240,000)
Net cash used in financing activities	<u>(303,196)</u>	<u>(88,560)</u>
Net increase/(decrease) in cash and cash equivalents	464,726	(517,759)
Cash and cash equivalents at beginning of year	<u>110,879</u>	<u>628,638</u>
Cash and cash equivalents at end of year	<u>575,605</u>	<u>110,879</u>

The notes on pages 13 to 25 form part of these Group Financial Statements.

GARLAND PRODUCTS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Building 27 First Avenue, Pensnett Estate, Kingswinford, DY6 7TZ.

2. Statement of compliance

These Group Financial Statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The Group Financial Statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The Group Financial Statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The consolidated group financial statements incorporate the group financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over a maximum of 20 years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

GARLAND PRODUCTS LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2018****3. Accounting policies** *(continued)***Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Positive and negative purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Positive goodwill	-	100% straight line
Negative goodwill	-	5% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	33% reducing balance

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition and also includes payments for orders that had not been delivered at the year end.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

3. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of goods	<u>11,377,910</u>	<u>10,533,939</u>

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2018	2017
	£	£
United Kingdom	8,758,898	8,399,376
Other European Community countries	1,962,241	1,575,567
Rest of the world	656,771	558,996
	<u>11,377,910</u>	<u>10,533,939</u>

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018	2017
	£	£
Amortisation of intangible assets	(24,747)	(24,746)
Depreciation of tangible assets	191,925	198,505
Gains on disposal of tangible assets	(2,331)	-
Cost of stocks recognised as an expense	5,149,898	4,821,044
Impairment of trade debtors	-	3,364
Foreign exchange differences	(45,916)	21,313
Lease payments recognised as an expense	<u>423,187</u>	<u>412,504</u>

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the group financial statements	<u>26,000</u>	<u>25,750</u>

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2018 No.	2017 No.
Production staff	114	112
Number of administrative and sales staff	13	12
Number of directors	2	2
	<u>129</u>	<u>126</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018 £	2017 £
Wages and salaries	2,737,943	2,624,456
Social security costs	185,519	180,643
Other pension costs	114,632	61,987
	<u>3,038,094</u>	<u>2,867,086</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018 £	2017 £
Remuneration	95,824	97,112
Company contributions to defined contribution pension plans	57,833	40,167
	<u>153,657</u>	<u>137,279</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018 No.	2017 No.
Defined contribution plans	<u>1</u>	<u>1</u>

9. Interest payable and similar expenses

	2018 £	2017 £
Interest on banks loans and overdrafts	-	232
Interest on obligations under finance leases and hire purchase contracts	30,482	12,881
	<u>30,482</u>	<u>13,113</u>

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

10. Tax on profit

Major components of tax expense

	2018 £	2017 £
Current tax:		
UK current tax expense	102,969	23,685
Adjustments in respect of prior periods	-	924
Total current tax	<u>102,969</u>	<u>24,609</u>
Deferred tax:		
Origination and reversal of timing differences	10,135	11,257
Tax on profit	<u>113,104</u>	<u>35,866</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<u>601,556</u>	<u>200,938</u>
Profit on ordinary activities by rate of tax	114,296	38,680
Adjustment to tax charge in respect of prior periods	-	924
Effect of expenses not deductible for tax purposes	(3,867)	(3,974)
Effect of capital allowances and depreciation	(7,460)	(11,021)
Effect of deferred tax	10,135	11,257
Tax on profit	<u>113,104</u>	<u>35,866</u>

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2018 £	2017 £
Equity dividends on ordinary shares	<u>272,000</u>	<u>240,000</u>

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

12. Intangible assets

Group	Positive goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2018 and 31 December 2018	<u>144,972</u>	<u>(495,028)</u>	<u>(350,056)</u>
Amortisation			
At 1 January 2018	144,972	(420,788)	(275,816)
Charge for the year	-	(24,747)	(24,747)
At 31 December 2018	<u>144,972</u>	<u>(445,535)</u>	<u>(300,563)</u>
Carrying amount			
At 31 December 2018	<u>-</u>	<u>(49,493)</u>	<u>(49,493)</u>
At 31 December 2017	<u>-</u>	<u>(74,240)</u>	<u>(74,240)</u>
Company			Positive goodwill £
Cost			
At 1 January 2018 and 31 December 2018			<u>144,972</u>
Amortisation			
At 1 January 2018 and 31 December 2018			<u>144,972</u>
Carrying amount			
At 1 January 2018 and 31 December 2018			<u>-</u>
At 31 December 2017			<u>-</u>

13. Tangible assets

Group	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 January 2018	5,167,662	105,543	156,610	35,471	5,465,286
Additions	160,497	8,110	-	20,922	189,529
Disposals	(250,950)	-	-	(4,501)	(255,451)
At 31 December 2018	<u>5,077,209</u>	<u>113,653</u>	<u>156,610</u>	<u>51,892</u>	<u>5,399,364</u>
Depreciation					
At 1 January 2018	4,247,249	73,550	69,445	32,673	4,422,917
Charge for the year	156,304	6,015	21,791	7,815	191,925
Disposals	(212,069)	-	-	(4,463)	(216,532)
At 31 December 2018	<u>4,191,484</u>	<u>79,565</u>	<u>91,236</u>	<u>36,025</u>	<u>4,398,310</u>
Carrying amount					
At 31 December 2018	<u>885,725</u>	<u>34,088</u>	<u>65,374</u>	<u>15,867</u>	<u>1,001,054</u>
At 31 December 2017	<u>920,413</u>	<u>31,993</u>	<u>87,165</u>	<u>2,798</u>	<u>1,042,369</u>

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

13. Tangible assets *(continued)*

Company	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 January 2018 and 31 December 2018	345,356	76,130	5,906	427,392
Depreciation				
At 1 January 2018	281,141	22,601	5,867	309,609
Charge for the year	9,633	13,382	13	23,028
At 31 December 2018	290,774	35,983	5,880	332,637
Carrying amount				
At 31 December 2018	54,582	40,147	26	94,755
At 31 December 2017	64,215	53,529	39	117,783

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Plant and machinery £	Motor vehicles £	Total £
At 31 December 2018	456,077	64,662	520,739
At 31 December 2017	410,251	86,216	496,467

Company	Motor vehicles £
At 31 December 2018	40,147
At 31 December 2017	53,529

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

14. Investments

Group	Other investments other than loans £
Cost	
At 1 January 2018 and 31 December 2018	<u>48,000</u>
Impairment	
At 1 January 2018 and 31 December 2018	<u>-</u>
Carrying amount	
At 1 January 2018 and 31 December 2018	<u>48,000</u>
At 31 December 2017	<u>48,000</u>

Company	Shares in group undertakings £	Other investments other than loans £	Total £
Cost			
At 1 January 2018 and 31 December 2018	<u>293,107</u>	<u>48,000</u>	<u>341,107</u>
Impairment			
At 1 January 2018 and 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount			
At 1 January 2018 and 31 December 2018	<u>293,107</u>	<u>48,000</u>	<u>341,107</u>
At 31 December 2017	<u>293,107</u>	<u>48,000</u>	<u>341,107</u>

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Glendenning Plastics Limited	Ordinary	100
Glendenning Mouldings Limited	Ordinary	100
Worth Gardening Limited	Ordinary	75

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

15. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials and consumables	94,657	51,866	-	-
Finished goods and goods for resale	1,710,088	1,666,518	582,104	400,218
	<u>1,804,745</u>	<u>1,718,384</u>	<u>582,104</u>	<u>400,218</u>

16. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	1,726,232	1,793,136	863,312	725,684
Amounts owed by group undertakings	-	-	684,000	660,566
Prepayments and accrued income	138,096	143,769	2,802	4,515
Other debtors	-	3,092	46,861	13,038
	<u>1,864,328</u>	<u>1,939,997</u>	<u>1,596,975</u>	<u>1,403,803</u>

17. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	1,001,709	885,382	227,409	181,179
Amounts owed to group undertakings	-	-	709,410	246,972
Accruals and deferred income	336,113	265,996	16,577	12,722
Corporation tax	102,969	23,685	64,609	15,855
Social security and other taxes	95,828	97,026	-	-
Obligations under finance leases and hire purchase contracts	167,307	137,840	12,893	12,487
Director loan accounts	13,919	5,264	13,919	5,264
Other creditors	34,100	35,171	34,100	34,879
	<u>1,751,945</u>	<u>1,450,364</u>	<u>1,078,917</u>	<u>509,358</u>

Obligations under finance leases and hire purchase contracts are secured by a legal charge on certain assets of the company.

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

18. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Obligations under finance leases and hire purchase contracts	<u>216,812</u>	<u>286,130</u>	<u>10,039</u>	<u>21,981</u>

Obligations under finance leases and hire purchase contracts are secured by a legal charge on certain assets of the company.

19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Not later than 1 year	179,928	152,988	13,625	13,625
Later than 1 year and not later than 5 years	<u>225,772</u>	<u>316,889</u>	<u>10,221</u>	<u>23,845</u>
	405,700	469,877	23,846	37,470
Less: future finance charges	<u>(21,581)</u>	<u>(45,907)</u>	<u>(914)</u>	<u>(3,002)</u>
Present value of minimum lease payments	<u>384,119</u>	<u>423,970</u>	<u>22,932</u>	<u>34,468</u>

20. Provisions

Group	Deferred tax (note 21) £
At 1 January 2018	114,193
Additions	<u>10,135</u>
At 31 December 2018	<u>124,328</u>

The company does not have any provisions.

GARLAND PRODUCTS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2018

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Included in provisions (note 20)	<u>124,328</u>	<u>114,193</u>	<u>-</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Accelerated capital allowances	<u>124,328</u>	<u>114,193</u>	<u>-</u>	<u>-</u>

Deferred taxation is based on a corporation tax rate of 19% (2017 : 19%).

22. Employee benefits**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £114,632 (2017: £61,987).

23. Called up share capital**Issued, called up and fully paid**

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

24. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Not later than 1 year	227,808	404,859	-	-
Later than 1 year and not later than 5 years	384,582	497,915	-	-
Later than 5 years	99,854	192,027	-	-
	<u>712,244</u>	<u>1,094,801</u>	<u>-</u>	<u>-</u>

26. Directors' advances, credits and guarantees

At the balance sheet date there was an amount due to the directors of **£13,919** (2017 : £5,264).

27. Related party transactions

Company

The company has a minority shareholding in GW3156 Limited. The directors, R S Glendenning and H M Glendenning, are also directors and minority shareholders of GW3156 Limited.

During the year, the group sold goods, in arms-length transactions, for a value of **£398,007** (2017 : £416,858) to Mansign Mining Equipment Limited a subsidiary of GW3156 Limited. At 31 December 2018 Mansign Mining Equipment Limited owed the group **£33,248** (2017 : £87,883).

The company has taken advantage of the exemption in FRS 102 s33.1A and has not disclosed in its consolidated accounts any transactions or balances between group entities which have been eliminated on consolidation.