

COMPANY REGISTRATION NUMBER: 01522740

GARLAND PRODUCTS LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

LANGARD LIFFORD HALL LIMITED

Accountants and Registered Auditors

Lifford Hall
Lifford Lane
Kings Norton
Birmingham
B30 3JN

WEDNESDAY



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GARLAND PRODUCTS LIMITED
GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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GARLAND PRODUCTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R S Glendenning
H M Glendenning

Registered office

27 First Avenue
Pensnett Trading Estate
Brierley Hill
West Midlands
DY6 7TZ

Auditor

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

GARLAND PRODUCTS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the company for the year ended 31 December 2017.

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 group's Worth Gardening division is now fully integrated into the business and its growth has required further investment, specifically a move to larger distribution premises which was implemented in 2015 Q1. The group continued to invest in its garden products range introducing 50 new products to coincide with the 50th anniversary of the business. The business is now well placed to meet the demands of key garden retailers going forward.

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

	<u>2017</u>	<u>2016</u>
Turnover	10,533,939	10,007,636
Gross profit %	18.44	21.72
Profit on ordinary activities before taxation	200,938	577,251
Shareholders' funds	2,934,702	3,009,630

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 15 August 2018 and signed on behalf of the board by:



H M Glendenning
Director

Registered office:
27 First Avenue
Pensnett Trading Estate
Brierley Hill
West Midlands, DY6 7TZ

GARLAND PRODUCTS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

The directors present their report and the Group Financial Statements of the group for the year ended 31 December 2017.

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.

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 15 August 2018 and signed on behalf of the board by:



H M Glendenning
Director

Registered office:
27 First Avenue
Pensnett Trading Estate
Brierley Hill
West Midlands
DY6 7TZ

GARLAND PRODUCTS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
YEAR ENDED 31 DECEMBER 2017

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 2017

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 2017 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).

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.

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 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;
- 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.

GARLAND PRODUCTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARLAND
PRODUCTS LIMITED** *(continued)*

YEAR ENDED 31 DECEMBER 2017

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.

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.



David J Harby (Senior Statutory Auditor)

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

15 August 2018

GARLAND PRODUCTS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	10,533,939	10,007,636
Cost of sales		8,591,689	7,833,830
Gross profit		1,942,250	2,173,806
Distribution costs		301,516	263,652
Administrative expenses		1,426,683	1,322,554
Operating profit	5	214,051	587,600
Interest payable and similar expenses	9	13,113	10,349
Profit before taxation		200,938	577,251
Tax on profit	10	35,866	87,999
Profit for the financial year and total comprehensive income		165,072	489,252
Profit for the financial year attributable to:			
The owners of the parent company		199,062	453,507
Non-controlling interests		(33,990)	35,745
		165,072	489,252

All the activities of the group are from continuing operations.

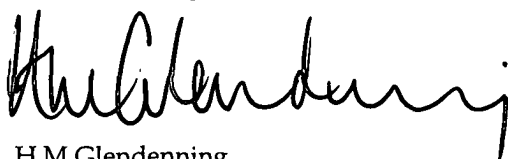
The notes on pages 13 to 25 form part of these Group Financial Statements.

GARLAND PRODUCTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	(74,240)	(98,986)
Tangible assets	13	1,042,369	1,009,297
Investments	14	48,000	48,000
		<u>1,016,129</u>	<u>958,311</u>
Current assets			
Stocks	15	1,718,384	1,240,975
Debtors	16	1,939,997	1,889,414
Cash at bank and in hand		110,879	628,638
		<u>3,769,260</u>	<u>3,759,027</u>
Creditors: amounts falling due within one year	17	<u>1,450,364</u>	<u>1,417,295</u>
Net current assets		<u>2,318,896</u>	<u>2,341,732</u>
Total assets less current liabilities		<u>3,335,025</u>	<u>3,300,043</u>
Creditors: amounts falling due after more than one year	18	286,130	187,477
Provisions			
Taxation including deferred tax	20	114,193	102,936
Net assets		<u>2,934,702</u>	<u>3,009,630</u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	2,976,908	3,017,846
Equity attributable to the owners of the parent company		<u>2,977,008</u>	<u>3,017,946</u>
Non-controlling interests		<u>(42,306)</u>	<u>(8,316)</u>
		<u>2,934,702</u>	<u>3,009,630</u>

These Group Financial Statements were approved by the board of directors and authorised for issue on 15 August 2018, 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.

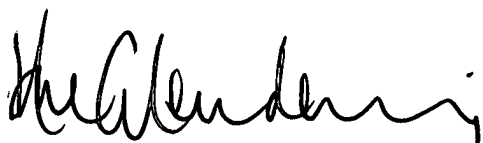
GARLAND PRODUCTS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	117,783	146,977
Investments	14	341,107	341,107
		<u>458,890</u>	<u>488,084</u>
Current assets			
Stocks	15	400,218	345,331
Debtors	16	1,403,803	1,245,783
Cash at bank and in hand		164,184	296,742
		<u>1,968,205</u>	<u>1,887,856</u>
Creditors: amounts falling due within one year	17	<u>509,358</u>	<u>431,000</u>
Net current assets		<u>1,458,847</u>	<u>1,456,856</u>
Total assets less current liabilities		<u>1,917,737</u>	<u>1,944,940</u>
Creditors: amounts falling due after more than one year	18	<u>21,981</u>	<u>34,481</u>
Net assets		<u><u>1,895,756</u></u>	<u><u>1,910,459</u></u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	1,895,656	1,910,359
Shareholders funds		<u><u>1,895,756</u></u>	<u><u>1,910,459</u></u>

The profit for the financial year of the parent company was **£225,297** (2016: £259,482).

These Group Financial Statements were approved by the board of directors and authorised for issue on 15 August 2018, 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 2017

		Called up share capital £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
At 1 January 2016		100	2,784,339	2,784,439	(44,061)	2,740,378
Profit for the year			453,507	453,507	35,745	489,252
Total comprehensive income for the year		-	453,507	453,507	35,745	489,252
Dividends paid and payable	11	-	(220,000)	(220,000)	-	(220,000)
Total investments by and distributions to owners		-	(220,000)	(220,000)	-	(220,000)
At 31 December 2016		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

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 2017

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2016		100	1,870,877	1,870,977
Profit for the year			259,482	259,482
Total comprehensive income for the year		-	259,482	259,482
Dividends paid and payable	11	-	(220,000)	(220,000)
Total investments by and distributions to owners		-	(220,000)	(220,000)
At 31 December 2016		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

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 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	165,072	489,252
<i>Adjustments for:</i>		
Depreciation of tangible assets	198,505	174,692
Amortisation of intangible assets	(24,746)	(24,746)
Interest payable and similar expenses	13,113	10,349
Gains on disposal of tangible assets	-	(7,705)
Tax on profit	35,866	87,999
Accrued expenses	48,519	36,214
<i>Changes in:</i>		
Stocks	(477,409)	(72,608)
Trade and other debtors	(50,583)	113,757
Trade and other creditors	(8,930)	(495,268)
Cash generated from operations	<u>(100,593)</u>	<u>311,936</u>
Interest paid	(13,113)	(10,349)
Tax paid	(83,917)	(95,179)
Net cash (used in)/from operating activities	<u>(197,623)</u>	<u>206,408</u>
Cash flows from investing activities		
Purchase of tangible assets	(231,577)	(244,799)
Proceeds from sale of tangible assets	-	22,996
Net cash used in investing activities	<u>(231,577)</u>	<u>(221,803)</u>
Cash flows from financing activities		
Proceeds from borrowings	2,108	(933)
Payments of finance lease liabilities	149,333	88,959
Dividends paid	(240,000)	(220,000)
Net cash used in financing activities	<u>(88,559)</u>	<u>(131,974)</u>
Net decrease in cash and cash equivalents	(517,759)	(147,369)
Cash and cash equivalents at beginning of year	<u>628,638</u>	<u>776,007</u>
Cash and cash equivalents at end of year	<u>110,879</u>	<u>628,638</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 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 27 First Avenue, Pensnett Trading Estate, Brierley Hill, West Midlands, 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 2017

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

The turnover shown in the profit and loss account represents the realisable value of work undertaken during the year, exclusive of Value Added Tax.

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 2017

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 valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes shipping and import duty. Payments on account represents 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.

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.

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

4. Turnover

Turnover arises from:

	2017 £	2016 £
Sale of goods	<u>10,533,939</u>	<u>10,007,636</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:

	2017 £	2016 £
United Kingdom	8,399,376	7,919,337
Other European Community countries	1,575,567	1,564,741
Rest of the world	558,996	523,558
	<u>10,533,939</u>	<u>10,007,636</u>

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2017 £	2016 £
Amortisation of intangible assets	(24,746)	(24,746)
Depreciation of tangible assets	198,505	174,692
Gains on disposal of tangible assets	-	(7,705)
Impairment of trade debtors	3,364	1,545
Foreign exchange differences	<u>21,313</u>	<u>12,940</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the group financial statements	<u>20,500</u>	<u>20,539</u>

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

7. Staff costs

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

	2017 No.	2016 No.
Production staff	112	108
Number of administrative and sales staff	10	9
Number of directors	4	4
	<u>126</u>	<u>121</u>

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

	2017 £	2016 £
Wages and salaries	2,625,706	2,462,298
Social security costs	180,643	165,787
Other pension costs	60,738	49,423
	<u>2,867,087</u>	<u>2,677,508</u>

8. Directors' remuneration

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

	2017 £	2016 £
Remuneration	113,377	119,297
Company contributions to defined contribution pension plans	40,166	36,000
	<u>153,543</u>	<u>155,297</u>

9. Interest payable and similar expenses

	2017 £	2016 £
Interest on banks loans and overdrafts	1,358	1,073
Interest on obligations under finance leases and hire purchase contracts	11,755	9,276
	<u>13,113</u>	<u>10,349</u>

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

10. Tax on profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	23,685	82,993
Adjustments in respect of prior periods	924	(6,400)
Total current tax	<u>24,609</u>	<u>76,593</u>
Deferred tax:		
Origination and reversal of timing differences	11,257	11,406
Tax on profit	<u>35,866</u>	<u>87,999</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	200,938	577,251
Profit on ordinary activities by rate of tax	93,776	130,501
Adjustment to tax charge in respect of prior periods	924	(6,400)
Effect of expenses not deductible for tax purposes	795	(1,541)
Effect of capital allowances and depreciation	(10,999)	(25,967)
Utilisation of tax losses	(26,196)	-
Rounding on tax charge	(3)	-
Income not chargeable for tax purposes	(22,431)	(20,000)
Movement in deferred tax	-	11,406
Tax on profit	<u>35,866</u>	<u>87,999</u>

11. Dividends

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

	2017	2016
	£	£
Equity dividends on ordinary shares	<u>240,000</u>	<u>220,000</u>

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

12. Intangible assets

Group	Goodwill £	Development costs £	Total £
Cost			
At 1 January 2017 and 31 December 2017	<u>144,972</u>	<u>(495,028)</u>	<u>(350,056)</u>
Amortisation			
At 1 January 2017	144,972	(396,042)	(251,070)
Charge for the year	-	(24,746)	(24,746)
At 31 December 2017	<u>144,972</u>	<u>(420,788)</u>	<u>(275,816)</u>
Carrying amount			
At 31 December 2017	<u>-</u>	<u>(74,240)</u>	<u>(74,240)</u>
At 31 December 2016	<u>-</u>	<u>(98,986)</u>	<u>(98,986)</u>
Company			Goodwill £
Cost			
At 1 January 2017 and 31 December 2017			<u>144,972</u>
Amortisation			
At 1 January 2017 and 31 December 2017			<u>144,972</u>
Carrying amount			
At 1 January 2017 and 31 December 2017			<u>-</u>
At 31 December 2016			<u>-</u>

13. Tangible assets

Group	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 January 2017	4,937,930	105,543	156,610	33,626	5,233,709
Additions	229,732	-	-	1,845	231,577
At 31 December 2017	<u>5,167,662</u>	<u>105,543</u>	<u>156,610</u>	<u>35,471</u>	<u>5,465,286</u>
Depreciation					
At 1 January 2017	4,084,823	67,904	40,390	31,295	4,224,412
Charge for the year	162,426	5,646	29,055	1,378	198,505
At 31 December 2017	<u>4,247,249</u>	<u>73,550</u>	<u>69,445</u>	<u>32,673</u>	<u>4,422,917</u>
Carrying amount					
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>
At 31 December 2016	<u>853,107</u>	<u>37,639</u>	<u>116,220</u>	<u>2,331</u>	<u>1,009,297</u>

GARLAND PRODUCTS LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

13. Tangible assets *(continued)*

Company	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost				
At 1 January 2017 and 31 December 2017	<u>345,356</u>	<u>76,130</u>	<u>5,906</u>	<u>427,392</u>
Depreciation				
At 1 January 2017	269,809	4,758	5,848	280,415
Charge for the year	<u>11,332</u>	<u>17,843</u>	<u>19</u>	<u>29,194</u>
At 31 December 2017	<u>281,141</u>	<u>22,601</u>	<u>5,867</u>	<u>309,609</u>
Carrying amount				
At 31 December 2017	<u>64,215</u>	<u>53,529</u>	<u>39</u>	<u>117,783</u>
At 31 December 2016	<u>75,547</u>	<u>71,372</u>	<u>58</u>	<u>146,977</u>

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 2017	<u>410,251</u>	<u>86,216</u>	<u>496,467</u>
At 31 December 2016	<u>255,912</u>	<u>114,954</u>	<u>370,866</u>

Company	Motor vehicles £
At 31 December 2017	<u>53,529</u>
At 31 December 2016	<u>71,371</u>

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

14. Investments

Group	Other investments other than loans £		
Cost			
At 1 January 2017 and 31 December 2017			48,000
Impairment			
At 1 January 2017 and 31 December 2017			-
Carrying amount			
At 1 January 2017 and 31 December 2017			48,000
At 31 December 2016			48,000
Company	Shares in group undertakings £	Other investments other than loans £	Total £
Cost			
At 1 January 2017 and 31 December 2017	293,107	48,000	341,107
Impairment			
At 1 January 2017 and 31 December 2017	-	-	-
Carrying amount			
At 1 January 2017 and 31 December 2017	293,107	48,000	341,107
At 31 December 2016	293,107	48,000	341,107

Garland Products Limited owns 100% of the voting rights for each of the following subsidiary companies which are included in the consolidated financial statements:

Name	Activity	Proportion of shares held at year end	Country of incorporation
Glendenning Plastics Limited	Manufacture of injection moulded plastic products	100%	England
Glendenning Mouldings Limited	Manufacture of plastic moulded boxes	100%	England
Worth Gardening Limited	Purchase and sale of garden furniture covers and sundries	75%	England

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

15. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and consumables	<u>1,718,384</u>	<u>1,240,975</u>	<u>400,218</u>	<u>345,331</u>

16. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	1,793,136	1,758,740	725,684	795,047
Amounts owed by group undertakings	-	-	660,566	379,000
Prepayments and accrued income	143,769	127,582	4,515	2,515
Other debtors	3,092	3,092	13,038	69,221
	<u>1,939,997</u>	<u>1,889,414</u>	<u>1,403,803</u>	<u>1,245,783</u>

17. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	885,381	924,802	181,179	133,825
Amounts owed to group undertakings	-	-	246,972	215,504
Accruals and deferred income	265,996	217,477	12,722	13,253
Corporation tax	23,685	82,993	15,855	17,896
Social security and other taxes	97,026	54,913	-	-
Obligations under finance leases and hire purchase contracts	137,840	87,160	12,487	12,487
Director loan accounts	5,265	3,157	5,264	3,156
Other creditors	35,171	46,793	34,879	34,879
	<u>1,450,364</u>	<u>1,417,295</u>	<u>509,358</u>	<u>431,000</u>

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Obligations under finance leases and hire purchase contracts	<u>286,130</u>	<u>187,477</u>	<u>21,981</u>	<u>34,481</u>

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

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	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	152,988	98,537	13,625	13,625
Later than 1 year and not later than 5 years	316,889	212,157	23,845	37,471
	<u>469,877</u>	<u>310,694</u>	<u>37,470</u>	<u>51,096</u>
Less: future finance charges	(45,907)	(36,057)	(3,002)	(4,128)
Present value of minimum lease payments	<u>423,970</u>	<u>274,637</u>	<u>34,468</u>	<u>46,968</u>

20. Provisions

Group	Deferred tax (note 21) £
At 1 January 2017	102,936
Unused amounts reversed	11,257
At 31 December 2017	<u>114,193</u>

The company does not have any provisions.

21. Deferred tax

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Included in provisions (note 20)	<u>114,193</u>	<u>102,936</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	<u>114,193</u>	<u>102,936</u>	<u>-</u>	<u>-</u>

Deferred taxation is based on a corporation tax rate of 19% (2016 : 20%).

GARLAND PRODUCTS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £60,738 (2016: £49,423).

23. Called up share capital

Authorised share capital

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

24. Reserves

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

25. Operating leases

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	197,976	197,976	-	-
Later than 1 year and not later than 5 years	226,501	321,931	-	-
Later than 5 years	192,710	284,200	-	-
	<u>221,235</u>	<u>235,707</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 £5,265 (2016 - £3,157).

GARLAND PRODUCTS LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2017****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 **£416,858** (2016 : £231,096) to Mansign Mining Equipment Limited a subsidiary of GW3156 Limited. At 31 December 2017 Mansign Mining Equipment Limited owed the group **£87,883** (2016 : £58,079).

Glendenning Plastics Limited is the principal employer of Glendenning Self Administered Pension Fund, on 30 July 2012 the fund agreed to lend the company the sum of £116,220 for a term of 5 years. During the year loan interest of **£1,162** (2016 : £1,162) was paid to the fund. The amount outstanding at the year end was **nil** (2016 : £11,622).

The company has taken advantage of the exemption available under FRS 8 and therefore does not disclose details of related party transactions with fellow 100% group companies.

Control relationships

The company is controlled by the directors by virtue of their entire holding of the issued share capital.