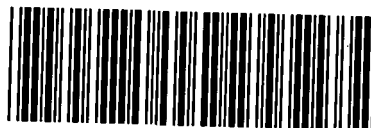


G T Culpitt & Son (Holdings) Limited  
Consolidated annual report and financial statements  
for the year ended 31 December 2017

Registered number: 2230866

TUESDAY



\*A7E9ZCA0\*

A10

11/09/2018

#185

COMPANIES HOUSE

G T Culpitt & Son (Holdings) Limited  
Consolidated annual report and financial statements  
for the year ended 31 December 2017  
Contents

|  |    |
|--|----|
| Directors and advisers for the year ended 31 December 2017 .....                         | 1  |
| Strategic report for the year ended 31 December 2017 .....                               | 2  |
| Directors' report for the year ended 31 December 2017 .....                              | 4  |
| Independent auditors' report to the members of G T Culpitt & Son (Holdings) Limited..... | 6  |
| Consolidated statement of comprehensive income for the year ended 31 December 2017.....  | 9  |
| Consolidated balance sheet as at 31 December 2017 .....                                  | 10 |
| Parent company balance sheet as at 31 December 2017.....                                 | 11 |
| Consolidated statement of changes in equity for the year ended 31 December 2017.....     | 12 |
| Company statement of changes in equity for the year ended 31 December 2017 .....         | 13 |
| Consolidated statement of cash flows for the year ended 31 December 2017.....            | 14 |
| Notes to the financial statements .....  | 15 |

# **G T Culpitt & Son (Holdings) Limited**

## **Directors and advisers for the year ended 31 December 2017**

### **Directors**

M McGlynn

J Anderson

S Keogh

### **Company secretary and registered office**

D George

Jubilee Industrial Estate

Ashington

Northumberland

NE63 8UQ

### **Bankers**

National Westminster Bank Plc

4 Bridge Street

Morpeth

Northumberland

NE61 1NG

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square South

Orchard Street

Newcastle upon Tyne

NE1 3AZ

# G T Culpitt & Son (Holdings) Limited

## Strategic report for the year ended 31 December 2017

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

### Business review and future developments

Trading conditions in the UK and worldwide remained challenging during the year, sales through our retail sector and business to consumer sectors declined but were offset through growth to Supermarkets and through our export sector. The company continues to offer innovative products and an industry leading delivery and service proposition and despite the ongoing challenging economic conditions the company has continued to meet the changing needs of its customer base.

The company continues to be aware of and manages changes in regulation for its business activities, particularly around natural food colours, additives and toy regulations.

The variety in the company's customer base and its product offerings continue to expand further diluting risk. The company has demonstrated, once again, that it can respond to the many, varied challenges presented by its markets.

By maintaining the core competencies of the business there is every reason to believe that the company can build on the foundations established.

### Strategy

The company's aim is to achieve moderate revenue growth in 2018 and maximise the efficiencies within its operations.

The key elements for the company's strategy for growth are:

#### Broad Product Range

Offering a full product range of both Culpitt and tertiary branded product to meet customer needs and requirements.

#### Industry standard delivery and service proposition

Ensuring we minimise the time between order and fulfilment, to deliver on time and in full.

#### Employee training and development

The company's investment in training provides and maintains its status as a market leader.

### Key Performance indicators (KPI's)

The board monitors progress against the overall company strategy by reference to a number of KPI's including:

|                           | 2017   | 2016  |  |
|---------------------------|--------|-------|--|
| Sales (decrease)/growth % | (6.5)% | 1.0%  | Year on year sales growth expressed as a percentage.   |
| Operating profit %        | 7.4%   | 5.6%  | Operating profit expressed as a percentage of sales.   |
| Employee Turnover         | 1.8%   | 1.25% | Number of employees in the year leaving to seek alternative employment expressed as a %age of the average workforce in the year. |

# **G T Culpitt & Son (Holdings) Limited**

## **Strategic report for the year ended 31 December 2017 (continued)**

### **Principal risks and uncertainties**

The management of the company and the execution of the company's strategy are subject to a number of risks.

The key risks affecting the company are considered to relate to the impact of legislation, competition, freight pricing, exchange rates and the global politic-economic environment.

Signed on behalf of the board of directors

A handwritten signature in black ink, appearing to read 'S Keogh', is positioned above the printed name and title.

S Keogh

**Director**

31 August 2018

# **G T Culpitt & Son (Holdings) Limited**

## **Directors' report for the year ended 31 December 2017**

The directors present their report and the audited consolidated financial statements of the group for the year ended 31 December 2017.

### **Results and dividends**

The profit for the financial year amounted to £1,351,937 (2016: £989,853). The directors have not recommended a dividend (2016: £nil).

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

M McGlynn

J Anderson

S Keogh

### **Principal activities and business review**

The group's principle activity during the year was the manufacture and sale of edible and non edible food and cake decorations. The company was incorporated in the United Kingdom. The business review and future developments have been included within the strategic report on page 2.

### **Research and development**

The group continues to develop both product and process within the group. We continue to be focused on the changes within our market place and the challenges this brings. Research and development expenditure is written off in the year in which it is incurred.

### **Employees**

The group aims to improve the performance of the organisation through the development of its employees. Their involvement is encouraged by means of group working, team briefings and working parties.

The group is committed to equality of employment and its policies reflect a disregard of factors such as disability in the selection and development of employees.

### **Independent auditors**

The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next board meeting.

### **Key performance indicators**

The group continues to measure a wide range of key performance indicators across all of its business activities, in particular sales turnover, operating profit and employee turnover are key metrics on the success of the business (as shown on page 2).

### **Financial risk management objectives and policies**

The group manages its credit risk through credit checking potential customers and careful monitoring of its debtor ageing. The group has no significant concentration of credit risk given its diverse customer base. Liquidity risk is managed through funding provided by the Group's parent company and through cash generated from its operations.

# G T Culpitt & Son (Holdings) Limited

## Directors' report for the year ended 31 December 2017 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

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

Signed on behalf of the Board of directors



S Keogh

Director

31 August 2018

# **G T Culpitt & Son (Holdings) Limited**

## **Independent auditors' report to the members of G T Culpitt & Son (Holdings) Limited**

### **Report on the financial statements**

#### **Opinion**

In our opinion, G T Culpitt & Son (Holdings) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated annual report and financial statements (the "Annual Report"), which comprise: the consolidated and parent company balance sheets as at 31 December 2017; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

# **G T Culpitt & Son (Holdings) Limited**

## **Independent auditors' report to the members of G T Culpitt & Son (Holdings) Limited**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# **G T Culpitt & Son (Holdings) Limited**

## **Independent auditors' report to the members of G T Culpitt & Son (Holdings) Limited**

### *Auditors' responsibilities for the audit of the financial statements*

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Richard Lingwood (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
31 August 2018

# G T Culpitt & Son (Holdings) Limited

## Consolidated statement of comprehensive income for the year ended 31 December 2017

|  |      | 2017         | 2016         |
|--|------|--------------|--------------|
|  | Note | £            | £            |
| <b>Turnover</b>                                      | 4    | 23,259,807   | 24,866,525   |
| Cost of sales  |      | (15,978,851) | (17,493,483) |
| <b>Gross profit</b>                                  |      | 7,280,956    | 7,373,042    |
| Distribution costs                                   |      | (2,660,385)  | (3,091,113)  |
| Administrative expenses                              |      | (2,893,429)  | (2,896,659)  |
| <b>Operating profit</b>                              | 5    | 1,727,142    | 1,385,270    |
| Other income   |      | 185,808      | -            |
| Interest receivable and similar income               |      | 103          | 6,280        |
| Interest payable and similar expenses                |      | (13,448)     | (40,812)     |
| <b>Net interest expense</b>                          | 7    | (13,345)     | (34,532)     |
| <b>Profit on ordinary activities before taxation</b> |      | 1,899,605    | 1,350,738    |
| Tax on profit on ordinary activities                 | 8    | (547,668)    | (360,885)    |
| <b>Profit for the financial year</b>                 |      | 1,351,937    | 989,853      |
| Other comprehensive income                           |      | 1,804        | 1,804        |
| <b>Total comprehensive income for the year</b>       |      | 1,353,741    | 991,657      |

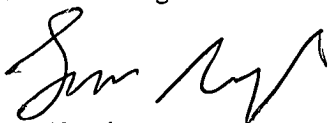
# G T Culpitt & Son (Holdings) Limited

## Consolidated balance sheet as at 31 December 2017

|  |      | As at 31 December  |                    |
|--|------|--------------------|--------------------|
|  |      | 2017               | 2016               |
|  | Note | £                  | £                  |
| <b>Fixed assets</b>  |      |                    |                    |
| Intangible assets  | 10   | 1,124,900          | 1,553,585          |
| Tangible assets  | 11   | 9,138,877          | 9,847,418          |
|  |      | <b>10,263,777</b>  | <b>11,401,003</b>  |
| <b>Current assets</b>  |      |                    |                    |
| Inventories  | 13   | 3,563,168          | 3,759,103          |
| Debtors  | 14   | 2,860,520          | 3,016,623          |
| Cash at bank and in hand                                       |      | 2,070,249          | 725,696            |
|  |      | <b>8,493,937</b>   | <b>7,501,422</b>   |
| <b>Creditors: amounts falling due within one year</b>          | 15   | <b>(1,871,888)</b> | <b>(2,225,710)</b> |
| <b>Net current assets</b>                                      |      | <b>6,622,049</b>   | <b>5,275,712</b>   |
| <b>Total assets less current liabilities</b>                   |      | <b>16,885,826</b>  | <b>16,676,715</b>  |
| <b>Creditors: amounts falling due after more than one year</b> | 16   | <b>(998,740)</b>   | <b>(2,141,566)</b> |
| <b>Net assets</b>  |      | <b>15,887,086</b>  | <b>14,535,149</b>  |
| <b>Capital and reserves</b>                                    |      |                    |                    |
| Called up share capital  | 21   | 22,500             | 22,500             |
| Revaluation reserve  |      | 36,483             | 38,287             |
| Capital redemption reserve                                     |      | 101,812            | 101,812            |
| Retained earnings  |      | 15,726,291         | 14,372,550         |
| <b>Total equity</b>  |      | <b>15,887,086</b>  | <b>14,535,149</b>  |

The notes on pages 15 to 34 are an integral part of these financial statements.

The financial statements on pages 9 to 34 were authorised for issue by the board of directors on 31 August 2018 and were signed on its behalf by:



Simon Keogh  
Finance Director

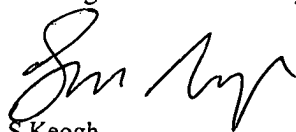
GT Culpitt & Son (Holdings) Limited  
Registered number: 2230866

# G T Culpitt & Son (Holdings) Limited

## Parent company balance sheet as at 31 December 2017

|   |      | As at 31 December |           |
|---|------|-------------------|-----------|
|   |      | 2017              | 2016      |
|   | Note | £                 | £         |
| <b>Fixed assets</b>                                   |      |                   |           |
| Investments   | 12   | 830,512           | 830,512   |
| <b>Current assets</b>                                 |      |                   |           |
| Debtors   | 14   | 85                | 85        |
| <b>Creditors: amounts falling due within one year</b> | 15   | (212,058)         | (212,058) |
| <b>Net current liabilities</b>                        |      | (211,973)         | (211,973) |
| <b>Total assets less current liabilities</b>          |      | 618,539           | 618,539   |
| <b>Net assets</b>                                     |      | 618,539           | 618,539   |
| <b>Capital and reserves</b>                           |      |                   |           |
| Called up share capital                               | 21   | 22,500            | 22,500    |
| Retained earnings                                     |      |                   |           |
| At 1 January  |      | 596,039           | 596,039   |
| Result for the financial year                         |      | -                 | -         |
| At 31 December  |      | 596,039           | 596,039   |
| <b>Total equity</b>                                   |      | 618,539           | 618,539   |

The financial statements on pages 9 to 34 were approved by the Board of directors on 31 August 2018 and were signed on its behalf by:



S Keogh  
Director

# G T Culpitt & Son (Holdings) Limited

## Consolidated statement of changes in equity for the year ended 31 December 2017

|                                | Called-up<br>share<br>capital<br>£ | Revaluation<br>reserve<br>£ | Capital<br>redemption<br>reserve<br>£ | Retained<br>earnings<br>£ | Total<br>£ |
|--------------------------------|------------------------------------|-----------------------------|---------------------------------------|---------------------------|------------|
| Balance as at 1 January 2016   | 22,500                             | 40,091                      | 101,812                               | 13,380,893                | 13,545,296 |
| Profit for the financial year  | -                                  | -                           | -                                     | 989,853                   | 989,853    |
| Other comprehensive income     | -                                  | (1,804)                     | -                                     | 1,804                     | -          |
| Total comprehensive income     | -                                  | (1,804)                     | -                                     | 991,657                   | 989,853    |
| Balance as at 31 December 2016 | 22,500                             | 38,287                      | 101,812                               | 14,372,550                | 14,535,149 |
| Balance as at 1 January 2017   | 22,500                             | 38,287                      | 101,812                               | 14,372,550                | 14,535,149 |
| Profit for the financial year  | -                                  | -                           | -                                     | 1,351,937                 | 1,351,937  |
| Other comprehensive income     | -                                  | (1,804)                     | -                                     | 1,804                     | -          |
| Total comprehensive income     | -                                  | (1,804)                     | -                                     | 1,353,741                 | 1,351,927  |
| Balance as at 31 December 2017 | 22,500                             | 36,483                      | 101,812                               | 15,726,291                | 15,887,086 |

## G T Culpitt & Son (Holdings) Limited

### Company statement of changes in equity for the year ended 31 December 2017

|   | Called-up<br>share capital | Retained<br>earnings | Total          |
|---|----------------------------|----------------------|----------------|
|   | £                          | £                    | £              |
| Balance as at 1 January 2016            | 22,500                     | 596,039              | 618,539        |
| Result for the financial year           | -                          | -                    | -              |
| Total comprehensive income for the year | -                          | -                    | -              |
| Balance as at 31 December 2016          | 22,500                     | 596,039              | 618,539        |
| Balance as at 1 January 2017            | 22,500                     | 596,039              | 618,539        |
| Result for the financial year           | -                          | -                    | -              |
| Total comprehensive income for the year | -                          | -                    | -              |
| <b>Balance as at 31 December 2017</b>   | <b>22,500</b>              | <b>596,039</b>       | <b>618,539</b> |

# G T Culpitt & Son (Holdings) Limited

## Consolidated statement of cash flows for the year ended 31 December 2017

|  | Note | 2017<br>£ | 2016<br>£   |
|--|------|-----------|-------------|
| Net cash inflow from operating activities              | 22   | 2,643,000 | 1,772,986   |
| Taxation paid  |      | (408,704) | (438,960)   |
| Net cash generated from operating activities           |      | 2,234,296 | 1,334,026   |
| Cash flows from investing activities:                  |      |           |             |
| Purchase of tangible assets                            |      | (98,363)  | (775,323)   |
| Receipts from the sale of fixed assets                 |      | 21,140    | 28,714      |
| Interest received                                      | 7    | 103       | 6,280       |
| Other income   |      | 185,808   | -           |
| Net cash used in investing activities                  |      | 108,688   | (740,329)   |
| Cash flows from financing activities:                  |      |           |             |
| Interest paid  | 7    | (13,448)  | (40,812)    |
| Repayment of amounts owed to group undertakings        |      | (984,983) | (1,515,535) |
| Net cash generated/(used in) from financing activities |      | (998,431) | (1,556,347) |
| Net increase/(decrease) in cash and cash equivalents   |      | 1,344,553 | (962,650)   |
| Cash and cash equivalents at beginning of the year     |      | 725,696   | 1,688,346   |
| Cash and cash equivalents at the end of the year       |      | 2,070,249 | 725,696     |
| Cash and cash equivalents consists of:                 |      | £         | £           |
| Cash at bank and in hand                               |      | 2,070,249 | 725,696     |
| Cash and cash equivalents                              |      | 2,070,249 | 725,696     |

# **G T Culpitt & Son (Holdings) Limited**

## **Notes to the financial statements**

### **1 General information**

The Group manufactures and sells edible and non edible food and cake decorations. The company is a private company, registered in England, limited by shares and incorporated and domiciled in the UK. The address of its registered office is Jubilee Industrial Estate, Ashington, Northumberland, NE63 8UQ.

### **2 Statement of compliance**

The individual and consolidated financial statements of G T Culpitt & Son (Holdings) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

### **3 Summary of significant accounting policies**

#### **Basis of preparation**

These financial statements are prepared consistently on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. The results of companies acquired or disposed of are included in the consolidated statement of comprehensive income after or up to the date that control passes respectively. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006. Uniform accounting policies are adopted across the group and all intra group transactions are eliminated. On acquisition of a subsidiary its assets and liabilities are recorded at their fair values as at the date of acquisition under acquisition accounting.

#### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

# **G T Culpitt & Son (Holdings) Limited**

## **Notes to the financial statements (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Foreign currency**

**(i) Functional and presentation currency**

The Group and company's functional and presentation currency is the pound sterling.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary terms measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other operating (losses)/gains'.

#### **Revenue recognition**

The turnover shown in the statement of comprehensive income represents amounts receivable during the year, exclusive of Value Added Tax, from the sale of edible and non edible food and cake decorations. Turnover is recognised at the point that risks and rewards of ownership of the goods are transferred to the customer, which tends to be on dispatch of goods.

#### **Employee benefits**

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

**(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expenses in the period in which the service is received.

**(ii) Defined contribution pension plans**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

# **G T Culpitt & Son (Holdings) Limited**

## **Notes to the financial statements (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) **Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) **Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Research and development**

Research and development expenditure is written off in the statement of comprehensive income in the period in which it is incurred.

#### **Goodwill**

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separate net assets

The Group evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the statement of comprehensive income.

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### **Amortisation**

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

|                                 |   |          |
|---------------------------------|---|----------|
| Goodwill acquired prior to 2015 | - | 20 years |
| Goodwill acquired post 2015     | - | 5 years  |

#### **Intangible assets**

Intangible assets relate to a customer list and is being amortised over 20 years. All intangible fixed assets are renewed for impairment when there are indications that carrying value may not be fully recoverable, in which case any excess is written off to statement of comprehensive income.

#### **Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

(i) **Land and buildings**

Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

(ii) **Plant and machinery and fixtures, fittings, tools and equipment**

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) **Depreciation and residual values**

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

|                       |   |             |
|-----------------------|---|-------------|
| Freehold property     | - | 39 years    |
| Plant and machinery   | - | 3 – 7 years |
| Fixtures and fittings | - | 5 – 7 years |
| Motor vehicles        | - | 5 years     |

No depreciation is charged on assets in the course of construction until the assets are brought into use.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

# **G T Culpitt & Son (Holdings) Limited**

## **Notes to the financial statements (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Leased assets**

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

#### **Investments**

Investments in subsidiary companies are held at historical cost less accumulated impairment losses.

#### **Inventories**

Inventories are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first out (FIFO) method. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

- |                            |   |   |
|----------------------------|---|---|
| Raw materials              | - | standard purchase cost  |
| Manufactured raw materials | - | standard cost of direct materials and labour plus attributable overheads and finished goods |

Standard costs are established at the start of the year by the directors based on all available evidence

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

#### **Work in progress**

Work in progress is stated at the lower of standard cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Standard costs are established at the start of the year by the directors based on all available evidence.

#### **Cash and cash equivalents**

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

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### Financial instruments

The group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) **Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

(ii) **Financial liabilities**

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) **Offsetting**

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

#### Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the statement of comprehensive income over the estimated useful life of the assets to which they relate.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# **G T Culpitt & Son (Holdings) Limited**

## **Notes to the financial statements (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Distributions to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

#### **(iv) Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary. See note 11 for the carrying amount of the property plant and equipment, and note 3 for the useful economic lives for each class of assets.

##### **(ii) Inventory provisioning**

It is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying amount of the inventory and associated provision.

##### **(iii) Impairment of debtors**

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 4 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover is given below:

|                   | 2017       | 2016       |
|-------------------|------------|------------|
|                   | £          | £          |
| United Kingdom    | 17,023,092 | 18,908,567 |
| Rest of Europe    | 3,919,396  | 3,701,995  |
| Rest of the World | 2,317,319  | 2,255,963  |
|                   | 23,259,807 | 24,866,525 |

### 5 Operating profit

Operating profit is stated after charging/(crediting):

|   | 2017       | 2016       |
|---|------------|------------|
|   | £          | £          |
| Profit on disposal of tangible assets                                     | (1,960)    | (6,649)    |
| Amortisation of government grants   | -          | (12,000)   |
| Amortisation of intangible assets (included in 'administrative expenses') | 428,685    | 428,687    |
| Depreciation of tangible assets   | 787,325    | 739,352    |
| Inventory recognised as an expense  | 13,458,617 | 15,367,417 |
| Net loss on foreign currency translation                                  | 37,678     | 391,748    |
| Operating lease charges - other   | 4,582      | 2,564      |
| Audit fees payable to the company's auditor                               |            |            |
| - In relation to the group  | -          | -          |
| - In relation to the subsidiaries   | 23,500     | 23,500     |
| Other assurance services  | 7,000      | -          |
| Other services relating to taxation                                       | 5,000      | 5,000      |

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 6 Employees and directors

#### Employees

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

|                                     | 2017   | 2016   |
|-------------------------------------|--------|--------|
|                                     | Number | Number |
| Production and sales staff          | 108    | 190    |
| Management and administration staff | 111    | 47     |
|                                     | 219    | 237    |

#### Staff costs

|                               | 2017      | 2016      |
|-------------------------------|-----------|-----------|
|                               | £         | £         |
| Wages and salaries            | 5,340,329 | 5,644,474 |
| Social security costs         | 476,191   | 479,971   |
| Other pension costs (note 17) | 172,749   | 179,322   |
|                               | 5,989,269 | 6,303,767 |

The company has no employees other than its directors, and no staff costs in the current or prior years.

#### Group – Directors

The directors' aggregate remuneration and other payments in respect of qualifying services were:

|  | 2017    | 2016    |
|--|---------|---------|
|  | £       | £       |
| Aggregate emoluments   | 930,725 | 423,541 |
| Aggregate amounts receivable under long term incentive schemes | 24,002  | 26,456  |
|  | 954,727 | 449,997 |

Post-employment benefits are accruing for 4 directors (2016: 4) under a defined contributions scheme.

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 6 Employees and directors (continued)

#### Highest paid director

|                                      | 2017    | 2016    |
|--------------------------------------|---------|---------|
|                                      | £       | £       |
| Total amount of emoluments           | 483,631 | 152,681 |
| Defined contribution pension schemes | 7,966   | 9,567   |
|                                      | 491,597 | 162,248 |

#### Group - Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

|  | 2017      | 2016    |
|--|-----------|---------|
|  | £         | £       |
| Salaries and other short-term benefits | 1,390,080 | 753,329 |
| Post-employment benefits               | 43,147    | 38,485  |
|  | 1,433,227 | 791,814 |

#### Company

The directors and key management personnel received no remuneration in respect of their services to the company (2016: £nil).

### 7 Net interest expense

#### (a) Interest receivable and similar income

|                        | 2017 | 2016  |
|------------------------|------|-------|
|                        | £    | £     |
| Bank interest received | 103  | 6,280 |

#### (b) Interest payable and similar expenses

|  | 2017   | 2016   |
|--|--------|--------|
|  | £      | £      |
| Interest payable to parent undertaking | 13,448 | 40,812 |

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 7 Net interest expense (continued)

#### (c) Net interest expense

|  | 2017            | 2016            |
|--|-----------------|-----------------|
|  | £               | £               |
| Interest receivable and similar income | 103             | 6,280           |
| Interest payable and similar expenses  | (13,448)        | (40,812)        |
| <b>Net interest expense</b>            | <b>(13,345)</b> | <b>(34,532)</b> |

### 8 Tax on profit

#### (a) Tax expense included in profit and loss

|  | 2017           | 2016           |
|--|----------------|----------------|
|  | £              | £              |
| Current tax:                                     |                |                |
| - UK corporation tax on profits for the year     | 503,048        | 360,986        |
| - Adjustments in respect of previous periods     | 34,907         | (4,050)        |
| <b>Total current tax</b>                         | <b>537,955</b> | <b>356,936</b> |
| Deferred tax                                     |                |                |
| - Origination and reversal of timing differences | 40,267         | 2,654          |
| - Impact of changes in tax rate                  | (4,701)        | 2,503          |
| - Adjustment in respect of previous periods      | (25,853)       | (1,208)        |
| <b>Total deferred tax</b>                        | <b>9,713</b>   | <b>3,949</b>   |
| <b>Tax on profit</b>                             | <b>547,668</b> | <b>360,885</b> |

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 8 Tax on profit on ordinary activities (continued)

#### (b) Reconciliation of tax charge

Tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20.00%). The difference are explained below:

|  | 2017           | 2016           |
|--|----------------|----------------|
|  | £              | £              |
| Profit before taxation   | 1,899,605      | 1,350,738      |
| Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) | 365,674        | 270,148        |
| Effects of:  |                |                |
| - Expenses not deductible for tax purposes   | 177,641        | 93,492         |
| - Tax rate changes   | (4,701)        | (5,258)        |
| - Adjustments to tax charge in respect of prior years  | 9,054          | 2,503          |
| <b>Tax on profit</b>   | <b>547,668</b> | <b>360,885</b> |

#### (c) Factors affecting future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 9 Profit attributable to members of the parent company

The Company has not presented its own profit and loss account as permitted by Section 408 (1) of the Companies Act 2006. Its profit for the financial year amounts to £nil (2016: £nil).

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 10 Intangible assets

| Group                             | Goodwill  | Intangible assets | Total     |
|-----------------------------------|-----------|-------------------|-----------|
|                                   | £         | £                 | £         |
| <b>Cost</b>                       |           |                   |           |
| At 1 January and 31 December 2017 | 2,439,754 | 230,013           | 2,669,767 |
| <b>Accumulated amortisation</b>   |           |                   |           |
| At 1 January 2017                 | 910,108   | 206,074           | 1,116,182 |
| Charge for the year               | 418,060   | 10,625            | 428,685   |
| At 31 December 2017               | 1,328,168 | 216,699           | 1,544,867 |
| <b>Net book value</b>             |           |                   |           |
| At 31 December 2017               | 1,111,586 | 13,314            | 1,124,900 |
| At 31 December 2016               | 1,529,646 | 23,939            | 1,553,585 |

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 11 Tangible assets

| Group                           | Freehold<br>property<br>£ | Plant and<br>machinery<br>£ | Other assets<br>£ | Total<br>£        |
|---------------------------------|---------------------------|-----------------------------|-------------------|-------------------|
| <b>Cost or valuation</b>        |                           |                             |                   |                   |
| At 1 January 2017               | 10,397,428                | 9,091,545                   | 645,239           | 20,134,212        |
| Additions                       | 27,289                    | 60,188                      | 10,887            | 98,364            |
| Disposals                       | (2,400)                   | (50,874)                    | (46,304)          | (99,578)          |
| <b>At 31 December 2017</b>      | <b>10,422,317</b>         | <b>9,100,859</b>            | <b>609,822</b>    | <b>20,132,998</b> |
| <b>Accumulated depreciation</b> |                           |                             |                   |                   |
| At 1 January 2017               | 3,789,022                 | 5,970,123                   | 527,649           | 10,286,794        |
| Charge for the year             | 581,702                   | 182,614                     | 23,009            | 787,325           |
| Disposals                       | (2,400)                   | (41,127)                    | (36,471)          | (79,998)          |
| <b>At 31 December 2017</b>      | <b>4,368,324</b>          | <b>6,111,610</b>            | <b>514,187</b>    | <b>10,994,121</b> |
| <b>Net book value</b>           |                           |                             |                   |                   |
| <b>At 31 December 2017</b>      | <b>6,053,993</b>          | <b>2,989,249</b>            | <b>95,635</b>     | <b>9,138,877</b>  |
| At 31 December 2016             | 6,608,406                 | 3,121,422                   | 117,590           | 9,847,418         |

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 12 Investments

| Company                             | 2017           | 2016           |
|-------------------------------------|----------------|----------------|
|                                     | £              | £              |
| <b>At 1 January and 31 December</b> | <b>830,512</b> | <b>830,512</b> |

The directors believe that the carrying value of the investments is supported by their underlying net assets.

| Subsidiary undertakings                | Country of incorporation | Holding         | Proportion of voting rights and shares held | Nature of business                                |
|--|--------------------------|-----------------|---|---|
| <b>Directly held by the company:</b>   |                          |                 |   |   |
| Culpitt Limited                        | England                  | Ordinary shares | 100%  | Manufacture and sale of food and cake decorations |
| <b>Indirectly held by the company:</b> |                          |                 |   |   |
| Sugarfayre Limited                     | England                  | Ordinary shares | 100%  | Manufacture and sale of food and cake decorations |
| Eileen Grace Limited                   | England                  | Ordinary shares | 100%  | Sale of cake decorations                          |
| Decopac (UK) Limited                   | England                  | Ordinary shares | 100%  | Dormant   |

The registered office of all subsidiaries is Jubilee Industrial Estate, Ashington, Northumberland, NE63 8UQ.

### 13 Inventories

|                                     | Group            |                  | Company  |          |
|-------------------------------------|------------------|------------------|----------|----------|
|                                     | 2017             | 2016             | 2017     | 2016     |
|                                     | £                | £                | £        | £        |
| Raw materials                       | 681,142          | 525,161          | -        | -        |
| Work in progress                    | 100,788          | 91,733           | -        | -        |
| Finished goods and goods for resale | 2,781,238        | 3,142,209        | -        | -        |
|                                     | <b>3,563,168</b> | <b>3,759,103</b> | <b>-</b> | <b>-</b> |

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £1,093,017 (2016: £706,454).

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 14 Debtors

|                                | Group     |           | Company |      |
|--------------------------------|-----------|-----------|---------|------|
|                                | 2017      | 2016      | 2017    | 2016 |
|                                | £         | £         | £       | £    |
| Trade debtors                  | 2,564,558 | 2,624,744 | -       | -    |
| VAT recoverable                | 69,081    | 49,283    | -       | -    |
| Corporation tax                | -         | 10,664    | -       | -    |
| Other debtors                  | -         | 138,082   | 85      | 85   |
| Prepayments and accrued income | 117,490   | 50,553    | -       | -    |
| Deferred taxation (note 18)    | 109,391   | 143,297   | -       | -    |
|                                | 2,860,520 | 3,016,623 | 85      | 85   |

Trade debtors are stated after provisions for impairment of £221,171 (2016: £174,421).

### 15 Creditors: amounts falling due within one year

|                                    | Group     |           | Company |         |
|------------------------------------|-----------|-----------|---------|---------|
|                                    | 2017      | 2016      | 2017    | 2016    |
|                                    | £         | £         | £       | £       |
| Trade creditors                    | 745,949   | 1,026,818 | -       | -       |
| Amounts owed to group undertakings | -         | -         | 212,058 | 212,058 |
| Other taxation and social security | 108,941   | 127,633   | -       | -       |
| Corporation tax                    | 177,159   | 66,453    | -       | -       |
| Other creditors                    | 29,858    | 28,834    | -       | -       |
| Accruals and deferred income       | 809,981   | 975,972   | -       | -       |
|                                    | 1,871,888 | 2,225,710 | 212,058 | 212,058 |

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

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

|                                    | Group   |           | Company |      |
|------------------------------------|---------|-----------|---------|------|
|                                    | 2017    | 2016      | 2017    | 2016 |
|                                    | £       | £         | £       | £    |
| Amounts owed to group undertakings | 524,279 | 1,509,262 | -       | -    |
| Accruals and deferred income       | 377,777 | 519,308   | -       | -    |
| Deferred tax                       | 96,684  | 112,996   | -       | -    |
|                                    | 998,740 | 2,141,566 | -       | -    |

Amounts owed to group undertakings incur interest based on LIBOR and are not secured. DecoPac Inc have confirmed that they will not seek repayment of this loan within twelve months of the date of signing these financial statements.

### 17 Pension contributions

The group operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £172,749 (note 6) (2016: £179,322). At the balance sheet date outstanding pension contributions amounted to £25,781 (2016: £26,870).

### 18 Provisions for other liabilities

The group had the following (asset)/provisions during the year:

|  | Group              | Company                |
|--|--------------------|------------------------|
|  | Deferred tax asset | Deferred tax provision |
|  | £                  | £                      |
| At 1 January 2017                      | (30,301)           | -                      |
| Additions dealt with in profit or loss | 17,594             | -                      |
| At 31 December 2017                    | (12,707)           | -                      |

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 18 Provisions for other liabilities (continued)

#### Deferred tax

The asset for deferred tax consists of the following deferred tax liabilities/(assets):

| Group                          | 2017     |            | 2016     |            |
|--------------------------------|----------|------------|----------|------------|
|                                | Provided | Unprovided | Provided | Unprovided |
|                                | £        | £          | £        | £          |
| Accelerated capital allowances | 57,925   | -          | 54,850   | -          |
| Short term timing differences  | (70,632) | -          | (85,151) | -          |
|                                | (12,707) | -          | (30,301) | -          |

There are no unused tax losses or unused tax credits.

The net deferred tax liability expected to reverse in 2017 is £nil.

### 19 Capital and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

| Group                   | 2017               | 2016 | 2017                                 | 2016  |
|-------------------------|--------------------|------|--------------------------------------|-------|
|                         | £                  | £    | £                                    | £     |
|                         | Land and buildings |      | Assets other than land and buildings |       |
| Payments due:           |                    |      |                                      |       |
| Not later than one year | -                  | -    | 753                                  | 2,564 |
| Within 2 to 5 years     | 10,080             | -    | 17,469                               | -     |
|                         | 10,080             | -    | 18,222                               | 2,564 |

The company had no other off-balance sheet arrangements.

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 20 Related party transactions

During the year the group traded with DecoPac Inc, the ultimate parent company. The following transactions took place:

|                  | 2017      | 2016      |
|------------------|-----------|-----------|
|                  | £         | £         |
| Sales            | 1,416,460 | 1,635,646 |
| Purchases        | -         | (14,906)  |
| Interest charges | (13,448)  | (40,812)  |
| Cash received    | 1,390,012 | -         |

At the year end, £524,279 (2016: £1,509,262) was owed to Decopac Inc and is included within creditors.

### 21 Called up share capital

|                              | 2017   | 2016   |
|------------------------------|--------|--------|
| Group and Company            | £      | £      |
| Ordinary shares of £1 each   |        |        |
| Allotted and fully paid      |        |        |
| At 1 January and 31 December | 22,500 | 22,500 |

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

# G T Culpitt & Son (Holdings) Limited

## Notes to the financial statements (continued)

### 22 Notes to the cash flow statement

#### Reconciliation of operating profit to net cash inflow from operating activities

|  | 2017             | 2016             |
|--|------------------|------------------|
|  | £                | £                |
| Operating profit                                 | 1,727,142        | 1,385,270        |
| Amortisation                                     | 428,685          | 428,687          |
| Depreciation                                     | 787,325          | 739,352          |
| Amortisation of government grants                | -                | (12,000)         |
| Profit on sale of fixed assets                   | (1,560)          | (6,649)          |
| Decrease/(increase) in stocks                    | 195,937          | (134,595)        |
| Decrease in debtors                              | 111,539          | 93,911           |
| Decrease in creditors                            | (606,068)        | (720,990)        |
| <b>Net cash inflow from operating activities</b> | <b>2,643,000</b> | <b>1,772,986</b> |

### 23 Ultimate parent company and controlling party

The ultimate parent company and ultimate controlling party is DecoPac Holdings Inc, a company incorporated in the United States of America. There is no majority shareholder of DecoPac Holdings Inc. Snow Phipps III, LP is the largest shareholder and holds approximately 45.2% of the equity interests in Decopac Holdings Inc. and controls the board of directors.

The smallest group of companies for which group financial statements are prepared is that headed by G T Culpitt & Son (Holdings) Limited.

The largest group of companies for which group financial statements are prepared is that headed by DecoPac Holdings Inc.