

Strategic Report, Report of the Director and
Audited Financial Statements
for the Year Ended 31 May 2019
for
REDCORN LIMITED

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for the year ended 31 May 2019

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REDCORN LIMITED

Company Information
for the year ended 31 May 2019

Director: Mr J M Thompson

Registered office: 305 Regents Park Road
Finchley
London
N3 1DP

Registered number: 02768567 (England and Wales)

Auditors: Haines Watts
Chartered Accountants and Statutory Auditors
305 Regents Park Road
Finchley
London
N3 1DP

Strategic Report
for the year ended 31 May 2019

The director presents his strategic report for the year ended 31 May 2019.

The report provides a balanced and comprehensive analysis of the development and performance of the company's business during the financial year consistent with the size and complexity of the business.

Review of business

The Company continues to operate as one of London's largest ELV and nuisance vehicle contractors.

We are pleased with the results for the financial year. Turnover has increased from £16,023,471 to £17,583,539 largely due to an increase in scrap vehicles that we have been able to acquire during the year. Moreover, the company was able to deliver profit before tax of £2,531,074. Trading conditions became more challenging with an increase in price competition contributing to a fall in the gross profit margin.

At the Year End, the company has healthy reserves of over £9m and we expect the business to grow in 2020 in respect of both turnover and profitability.

Principal risks and uncertainties

It is the Company's policy to proactively identify, understand and manage the risks inherent in the operation of our business so as to encourage responsible and informed decision making.

We consider Redcom's principal risks to be competitive, economic, operational, legal and compliance risk. Risks are managed through prudent planning and ongoing analysis of market conditions to ensure that Redcom stays ahead of its competitors. Furthermore, the company is currently undergoing an internal organisational restructure to ensure that business risks are mitigated as far as possible.

Financial key performance indicators

	2019	2018
Revenue	£17.5 m	£16m
Gross Profit Margin	34%	43%
Profit (Loss) Before Tax	£2.5m	£4m

On behalf of the board:


.....
Mr J M Thompson - Director

Date: 27/2/2020

Report of the Director
for the year ended 31 May 2019

The director presents his report with the financial statements of the company for the year ended 31 May 2019.

Principal activity

The principal activity of the company in the year under review was that of ELV and nuisance vehicle contractors.

Dividends

The total interim dividend distributed for the year ended 31 May 2019 will be £796,600. The directors recommend that no final dividend be paid.

Future developments

The company has undergone a group restructure and on 25 July 2019, Redcom Holdings became the parent company of Redcorn Limited.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Directors

The directors who have held office during the period from 1 June 2018 to the date of this report are as follows:

Mr J M Thompson - appointed 16 August 2018

Mr S A Thompson - resigned 16 August 2018

Statement of director's responsibilities

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Statement as to disclosure of information to auditors

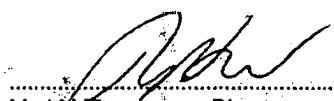
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Director
for the year ended 31 May 2019

Auditors

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:



Mr J M Thompson - Director

Date: 27/2/2020

Opinion

We have audited the financial statements of Redcorn Limited (the 'company') for the year ended 31 May 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other Matters

In the previous accounting period the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit. We have not audited the comparatives.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

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

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

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

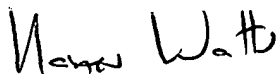
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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



Jonathan Moughton (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditors
305 Regents Park Road
Finchley
London
N3 1DP

Date:

28 February 2020

Statement of Comprehensive Income
for the year ended 31 May 2019

	Notes	2019 £	2018 £
Turnover		17,371,663	15,946,906
Cost of sales		11,547,990	9,177,446
Gross profit		5,823,673	6,769,460
Administrative expenses		3,435,327	2,689,429
		2,388,346	4,080,031
Other operating income		211,876	76,566
Operating profit	5	2,600,222	4,156,597
Interest receivable and similar income		22,488	12,876
		2,622,710	4,169,473
Interest payable and similar expenses	7	91,636	83,879
Profit before taxation		2,531,074	4,085,594
Tax on profit	8	420,660	914,915
Profit for the financial year		2,110,414	3,170,679
Other comprehensive income		-	-
Total comprehensive income for the year		2,110,414	3,170,679

REDCORN LIMITED (REGISTERED NUMBER: 02768567)

Balance Sheet
31 May 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	10		4,809,548		3,012,016
Current assets					
Stocks	11			211,135	
Debtors	12	3,684,312		3,338,278	
Cash at bank and in hand		2,745,820		4,109,414	
		6,430,132		7,658,827	
Creditors					
Amounts falling due within one year	13	1,528,549		2,414,963	
Net current assets			4,901,583		5,243,864
Total assets less current liabilities			9,711,131		8,255,880
Creditors					
Amounts falling due after more than one year	14		(523,315)		(409,595)
Provisions for liabilities	16		(120,703)		(92,986)
Net assets			9,067,113		7,753,299
Capital and reserves					
Called up share capital	17		5		5
Retained earnings	18		9,067,108		7,753,294
Shareholders' funds			9,067,113		7,753,299

The financial statements were approved by the director on 27/2/2020 and were signed by:


Mr J M Thompson - Director

Statement of Changes in Equity
for the year ended 31 May 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2017	5	4,686,615	4,686,620
Changes in equity			
Dividends	-	(104,000)	(104,000)
Total comprehensive income	-	3,170,679	3,170,679
Balance at 31 May 2018	5	7,753,294	7,753,299
Changes in equity			
Dividends	-	(796,600)	(796,600)
Total comprehensive income	-	2,110,414	2,110,414
Balance at 31 May 2019	5	9,067,108	9,067,113

Cash Flow Statement
for the year ended 31 May 2019

		2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	2,308,719	4,199,556
Interest paid		-	(9,257)
Interest element of hire purchase and finance lease rental payments paid		(91,636)	(74,622)
Tax paid		(1,042,234)	(880,169)
Net cash from operating activities		<u>1,174,849</u>	<u>3,235,508</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,956,394)	(1,848,911)
Sale of tangible fixed assets		171,000	144,928
Interest received		22,488	12,876
Net cash from investing activities		<u>(2,762,906)</u>	<u>(1,691,107)</u>
Cash flows from financing activities			
Capital repayments in year		143,166	(283,744)
Amount introduced by directors		1,973,345	939,750
Amount withdrawn by directors		(1,095,449)	(1,819,297)
Equity dividends paid		(796,600)	(104,000)
Net cash from financing activities		<u>224,462</u>	<u>(1,267,291)</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,363,595)</u>	<u>277,110</u>
Cash and cash equivalents at beginning of year	2	4,109,414	3,832,306
Cash and cash equivalents at end of year	2	<u><u>2,745,820</u></u>	<u><u>4,109,414</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the year ended 31 May 2019

1. Reconciliation of profit before taxation to cash generated from operations

	2019	2018
	£	£
Profit before taxation	2,531,074	4,085,594
Depreciation charges	970,274	1,021,500
Loss/(profit) on disposal of fixed assets	17,588	(56,334)
Finance costs	91,636	83,879
Finance income	(22,488)	(12,876)
	<u>3,588,084</u>	<u>5,121,763</u>
Decrease in stocks	211,135	195,190
Increase in trade and other debtors	(1,223,668)	(1,524,014)
(Decrease)/increase in trade and other creditors	<u>(266,832)</u>	<u>406,617</u>
Cash generated from operations	<u><u>2,308,719</u></u>	<u><u>4,199,556</u></u>

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 May 2019

	31/5/19	1/6/18
	£	£
Cash and cash equivalents	<u>2,745,820</u>	<u>4,109,414</u>

Year ended 31 May 2018

	31/5/18	1/6/17
	£	£
Cash and cash equivalents	<u>4,109,414</u>	<u>3,832,306</u>

Notes to the Financial Statements
for the year ended 31 May 2019

1. **Statutory information**

Redcorn Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **Accounting policies**

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention.

In the previous accounting period the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit. We have not audited the comparatives.

Key source of estimation, uncertainty and judgement

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is estimation uncertainty in calculating depreciation. A review of fixed assets is carried out by management regularly. Whilst every attempt is made to ensure that the depreciation policy is as accurate as possible, there remains a risk that the policy does not match the useful life of the assets.

There is estimation uncertainty in calculating bad debt provisions. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

Stock valuation- Judgement is required to value stock at the balance sheet date. No value has been attributed to parts for resale salvaged from scrapped cars.

Turnover

Revenue from the sale of goods is recognised by the company at the point of dispatch from the premises. Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long leasehold	- over the length of the lease
Improvements to property	- 25% on reducing balance
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Stocks

Cars that will be scrapped are expensed to the profit and loss on the basis that their value is immaterial.

No value is attributed to parts for resale salvaged from scrapped cars.

Notes to the Financial Statements - continued
for the year ended 31 May 2019

2. **Accounting policies - continued**

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Taxation

Taxation for the year comprises current and deferred tax. 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.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. These assets are depreciated at 25% on the reducing balance method.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **Employees and directors**

	2019	2018
	£	£
Wages and salaries	462,614	349,290
Social security costs	23,153	16,942
Other pension costs	4,893	1,845
	<u>490,660</u>	<u>368,077</u>

Notes to the Financial Statements - continued
for the year ended 31 May 2019

3. **Employees and directors - continued**

The average number of employees during the year was as follows:

	2019	2018
Admin	5	5
Site	33	47
	<u>38</u>	<u>52</u>

4. **Directors' emoluments**

	2019	2018
	£	£
Directors' remuneration	<u>2,925</u>	<u>7,020</u>

5. **Operating profit**

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Other operating leases	945,704	869,199
Depreciation - owned assets	544,641	583,862
Depreciation - assets on hire purchase contracts and finance leases	425,633	437,638
Loss/(profit) on disposal of fixed assets	<u>17,588</u>	<u>(56,334)</u>

6. **Auditors' remuneration**

	2019	2018
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>35,000</u>	<u>-</u>

7. **Interest payable and similar expenses**

	2019	2018
	£	£
Interest on late payment of CT	-	9,257
Hire purchase	59,106	31,422
Finance lease	<u>32,530</u>	<u>43,200</u>
	<u>91,636</u>	<u>83,879</u>

Notes to the Financial Statements - continued
for the year ended 31 May 2019

8. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	442,979	821,929
Prior year tax adjustment	(50,035)	-
Total current tax	392,944	821,929
Deferred tax	27,716	92,986
Tax on profit	420,660	914,915

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	2,531,074	4,085,594
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	480,904	776,263
Effects of:		
Expenses not deductible for tax purposes	167,267	197,769
Income not taxable for tax purposes	(205,192)	(152,103)
Adjustments to tax charge in respect of previous periods	(50,035)	-
Deferred Tax	27,716	92,986
Total tax charge	420,660	914,915

9. Dividends

	2019 £	2018 £
Ordinary shares of £1 each		
Interim	796,600	104,000

Notes to the Financial Statements - continued
for the year ended 31 May 2019

10. Tangible fixed assets

	Long leasehold £	Improvements to property £	Plant and machinery £
Cost			
At 1 June 2018	-	340,177	2,006,962
Additions	1,694,640	-	1,237,194
At 31 May 2019	1,694,640	340,177	3,244,156
Depreciation			
At 1 June 2018	-	296,748	1,070,993
Charge for year	53,925	10,857	406,526
Eliminated on disposal	-	-	160,000
At 31 May 2019	53,925	307,605	1,637,519
Net book value			
At 31 May 2019	1,640,715	32,572	1,606,637
At 31 May 2018	-	43,429	935,969
	Fixtures and fittings £	Motor vehicles £	Computer equipment £
Cost			
At 1 June 2018	117,293	3,945,498	54,317
Additions	5,066	-	19,494
Disposals	-	(81,317)	-
At 31 May 2019	122,359	3,864,181	73,811
Depreciation			
At 1 June 2018	40,550	2,010,154	33,786
Charge for year	12,271	476,689	10,006
Eliminated on disposal	-	(52,729)	-
At 31 May 2019	52,821	2,434,114	43,792
Net book value			
At 31 May 2019	69,538	1,430,067	30,019
At 31 May 2018	76,743	1,935,344	20,531
	Totals £		
At 31 May 2019	122,359	3,864,181	73,811
At 31 May 2018	122,359	3,864,181	73,811

Notes to the Financial Statements - continued
for the year ended 31 May 2019

10. **Tangible fixed assets - continued**

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
Cost			
At 1 June 2018	461,360	2,272,503	2,733,863
Additions	805,262	-	805,262
Disposals	-	(81,317)	(81,317)
At 31 May 2019	<u>1,266,622</u>	<u>2,191,186</u>	<u>3,457,808</u>
Depreciation			
At 1 June 2018	274,289	1,146,659	1,420,948
Charge for year	151,319	274,314	425,633
Eliminated on disposal	-	(52,729)	(52,729)
At 31 May 2019	<u>425,608</u>	<u>1,368,244</u>	<u>1,793,852</u>
Net book value			
At 31 May 2019	<u>841,014</u>	<u>822,942</u>	<u>1,663,956</u>
At 31 May 2018	<u>187,071</u>	<u>1,125,844</u>	<u>1,312,915</u>

11. **Stocks**

	2019 £	2018 £
Parts	<u>-</u>	<u>211,135</u>

12. **Debtors: amounts falling due within one year**

	2019 £	2018 £
Trade debtors	118,465	139,366
Other debtors	3,288,223	2,141,299
Directors' current accounts	-	877,634
Prepayments and accrued income	277,624	179,979
	<u>3,684,312</u>	<u>3,338,278</u>

13. **Creditors: amounts falling due within one year**

	2019 £	2018 £
Hire purchase contracts and finance leases (see note 15)	397,192	367,746
Trade creditors	213,865	725,862
Tax	110,264	759,554
Social security and other taxes	9,568	819
VAT	734,829	505,867
Pensions	2,153	89
Net wages	-	484
Directors' current accounts	262	-
Accruals and deferred income	8,250	-
Accrued expenses	52,166	54,542
	<u>1,528,549</u>	<u>2,414,963</u>

Notes to the Financial Statements - continued
for the year ended 31 May 2019

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

	2019	2018
	£	£
Hire purchase contracts and finance leases (see note 15)	523,315	409,595

15. Leasing agreements

Minimum lease payments fall due as follows:

	Hire purchase contracts		Finance leases	
	2019	2018	2019	2018
	£	£	£	£
Net obligations repayable:				
Within one year	244,060	101,213	153,132	266,533
Between one and five years	494,307	227,455	29,008	182,140
	<u>738,367</u>	<u>328,668</u>	<u>182,140</u>	<u>448,673</u>

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	445,000	445,000
Between one and five years	1,530,000	1,655,000
In more than five years	5,970,000	6,290,000
	<u>7,945,000</u>	<u>8,390,000</u>

16. Provisions for liabilities

	2019	2018
	£	£
Deferred tax	120,703	92,986
	<u>120,703</u>	<u>92,986</u>
		Deferred tax
		£
Balance at 1 June 2018		92,986
Provided during year		27,717
Balance at 31 May 2019		<u>120,703</u>

17. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
5	Ordinary	£1	5	5

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18. Reserves

	Retained earnings £
At 1 June 2018	7,753,294
Profit for the year	2,110,414
Dividends	(796,600)
At 31 May 2019	<u>9,067,108</u>

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund and amounted to £4,893 (2018: £1,845).

20. Directors' advances, credits and guarantees

The following advances and credits to directors subsisted during the years ended 31 May 2019 and 31 May 2018:

	2019 £	2018 £
Mr J M Thompson and Mr S A Thompson		
Balance outstanding at start of year	877,634	(1,913)
Amounts advanced	1,095,448	983,547
Amounts repaid	(1,973,345)	(104,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(263)</u>	<u>877,634</u>

Mr J M Thompson was appointed as a director on 16 August 2018 and retained a shareholding in the company throughout the whole reporting period.

Mr S A Thompson resigned as a director on 16 August 2019 and retained a shareholding in the company until 28 May 2019.

Interest was charged by the company for loans given to the directors during the year at 2.5%

21. Related party disclosures

Rent totalling £150,000 (2018: £Nil) was charged to a related company during the year. No rent is outstanding at the balance sheet date. Purchases totalling £161,235 (2018: £66,937) were invoiced by the same related company during the year. The amount owed to the related company in relation to these purchases at the balance sheet date is £Nil. An amount of £422,995 (2018: £226,448) is also owed from the same related company in the form of a loan at the balance sheet date. The companies are related by virtue of common control.

An amount of £1,867,509 (2018: £922,266) is owed from a related company in the form of a loan at the balance sheet date. The companies are related by virtue of common control.

An amount of £835,334 (2018: £835,334) is owed from a related company in the form of a loan at the balance sheet date. The companies are related by virtue of common control.

During the year, a total of key management personnel compensation of £39,106 was paid.

22. Post balance sheet events

As part of a group restructuring, on 25 July 2019 Redcorn Holdings Limited became the parent company of Redcorn Limited.

23. Ultimate controlling party

Up to 27 May 2019 the ultimate controlling parties were Mr J M Thompson and Mr S A Thompson.

From 28 May 2019, Mr J M Thompson is the ultimate controlling party.