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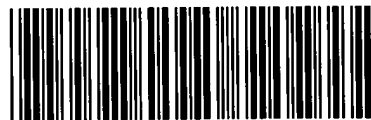
Registered number: 02848796

EDWARDS CHESHIRE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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EDWARDS CHESHIRE COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr R Walsh Mrs J Walsh Mr R Scott Mr R Lincoln Mr D Cross Ms T Bardell Mr K Alderson
Company secretary	Mr R Lincoln
Registered number	02848796
Registered office	18 Chesford Grange Warrington Cheshire WA1 4RQ
Independent auditor	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	Natwest Bank Warrington Cheshire WA4 6HS
Solicitors	Brabners LLP Manchester M2 4LQ

EDWARDS CHESHIRE COMPANY LIMITED

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EDWARDS CHESHIRE COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Business review

Overall the Board of directors are satisfied with the financial performance of the company. The turnover for the year was £13,728,036 (2017: £12,805,784) with a profit before tax of £1,690,078 (2017: £883,105). Gross profits have increased from prior year from £5,095,240 (40%) to £5,899,469 (42%).

The board consider that the company is in a strong position and strives to deliver increased sales and profit through achieving further operational efficiencies, improving systems and developing innovative products.

Principal risks and uncertainties

Business risks

The company relies on its suppliers to deliver goods on time, to the required quality standards and within a robust ethical framework. Meeting such targets is key to delivering the options and quality that our customers expect, and hence maintaining and enhancing the reputation of our brands. The company works closely with its suppliers in order to maintain the efficiency of the supply chain.

The company's operations rely on the availability and integrity of its IT systems in order to trade efficiently. A failure in these systems could have a significant impact on the company's operations. A number of key controls are in place to maintain the integrity and efficiency of the company's IT systems, including recovery plans which would be implemented in the event of a major failure. IT security is continually monitored and updated accordingly to ensure data is protected from corruption and unauthorised use.

Financial risk management

The company uses various financial instruments which include cash and items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity Risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities. Access to these facilities will expire in December 2018 and the bank have indicated to the directors they do not expect there to be an issue with a subsequent renewal.

Interest rate risk

The company finances its operations through a mixture of retained profits, bank borrowings and hire purchase agreements. The company exposure to interest rate fluctuations on its borrowings is limited as its hire purchase agreements are on fixed interest rates, the only borrowings where it has a variable interest rate is its overdraft facility.

EDWARDS CHESHIRE COMPANY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

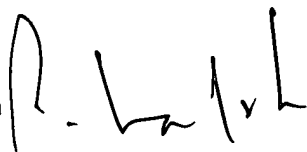
Credit rate risk

The company's principal financial assets are cash at bank and trade debtors. The credit risk associated with cash at bank is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk therefore arises from trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and the use of a trade credit insurance agency. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt aging and collection history.

This report was approved by the board on 3 December 2018 and signed on its behalf.

Mr R Walsh
Director

A handwritten signature in black ink, appearing to read 'R. Walsh', written over the printed name and title.

EDWARDS CHESHIRE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors

The directors who served during the year were:

Mr R Walsh
Mrs J Walsh
Mr R Scott
Mr R Lincoln
Mr D Cross
Ms T Bardell
Mr K Alderson

Results

The profit for the year, after taxation, amounted to £1,465,644 (2017: £824,216).

Post balance sheet events

There have been no significant events affecting the company since the year end.

Future developments

The directors plan to continue with the current plan of profitable growth.

Going concern

After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors indemnity insurance

The company has provided qualifying third party indemnity provisions in respect of the board of directors which was in force during the year and at the date of this report.

Financial risk management

For financial risk management, see details contained in the Strategic Report.

EDWARDS CHESHIRE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

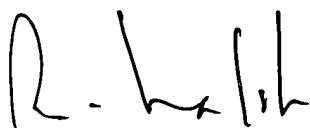
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 December 2018 and signed on its behalf.

Mr R Walsh
Director





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDWARDS CHESHIRE COMPANY LIMITED

Opinion

We have audited the financial statements of Edwards Cheshire Company Limited for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the 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 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDWARDS CHESHIRE COMPANY LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report set out on pages 3 and 4, other than the financial statements and our Auditor's report 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDWARDS CHESHIRE COMPANY LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.



Grant Thornton

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDWARDS CHESHIRE COMPANY LIMITED
(CONTINUED)**

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

Grant Thornton UK LLP

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

3 December 2018

EDWARDS CHESHIRE COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	4	13,728,036	12,805,784
Cost of sales		(7,899,469)	(7,710,544)
Gross profit		5,828,567	5,095,240
Administrative expenses		(4,043,180)	(4,099,268)
Operating profit	5	1,785,387	995,972
Interest receivable and similar income	10	45,099	8,456
Interest payable and expenses	11	(140,407)	(121,323)
Profit before tax		1,690,079	883,105
Tax on profit	12	(224,435)	(58,889)
Profit for the financial year		1,465,644	824,216

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 14 to 30 form part of these financial statements.

EDWARDS CHESHIRE COMPANY LIMITED
REGISTERED NUMBER:02848796

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	163,472	318,045
Tangible assets	14	768,833	409,701
		<u>932,305</u>	<u>727,746</u>
Current assets			
Stocks	15	6,018,205	4,871,695
Debtors: amounts falling due within one year	16	6,311,659	5,902,178
Cash at bank and in hand	17	5,482	15,350
		<u>12,335,346</u>	<u>10,789,223</u>
Creditors: amounts falling due within one year	18	(4,329,411)	(4,036,147)
Net current assets		<u>8,005,935</u>	<u>6,753,076</u>
Total assets less current liabilities		<u>8,938,240</u>	<u>7,480,822</u>
Creditors: amounts falling due after more than one year	19	(25,081)	(35,504)
Provisions for liabilities			
Deferred tax	22	(63,966)	(61,769)
		<u>(63,966)</u>	<u>(61,769)</u>
Net assets		<u><u>8,849,193</u></u>	<u><u>7,383,549</u></u>
Capital and reserves			
Called up share capital	23	2	2
Profit and loss account	24	8,849,191	7,383,547
		<u><u>8,849,193</u></u>	<u><u>7,383,549</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 December 2018.

Mr R Walsh
Director



The notes on pages 14 to 30 form part of these financial statements.

EDWARDS CHESHIRE COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	2	6,559,331	6,559,333
Comprehensive income for the year			
Profit for the year	-	824,216	824,216
Total comprehensive income for the year	-	824,216	824,216
At 1 April 2017	2	7,383,547	7,383,549
Comprehensive income for the year			
Profit for the year	-	1,465,644	1,465,644
Total comprehensive income for the year	-	1,465,644	1,465,644
At 31 March 2018	2	8,849,191	8,849,193

The notes on pages 14 to 30 form part of these financial statements.

EDWARDS CHESHIRE COMPANY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,465,644	824,216
Adjustments for:		
Amortisation of intangible assets	28,759	49,894
Depreciation of tangible assets	256,888	145,206
Loss on disposal of tangible assets	(260)	-
Loss on disposal of intangible fixed assets	1,475	-
Interest paid	140,407	121,323
Interest received	(45,099)	(8,456)
Taxation charge	224,435	58,889
(Increase) in stocks	(1,146,511)	(283,017)
Decrease/(increase) in debtors	977,587	(1,792,499)
(Decrease)/increase in creditors	(409,524)	534,351
Corporation tax (paid)	(76,694)	(272,477)
Net cash generated from operating activities	1,417,107	(622,570)
Cash flows from investing activities		
Purchase of intangible fixed assets	(458,769)	(199,602)
Purchase of tangible fixed assets	(32,912)	(121,426)
Sale of tangible fixed assets	260	-
Interest received	45,099	8,456
Net cash from investing activities	(446,322)	(312,572)
Cash flows from financing activities		
Repayment of/new finance leases	(18,363)	31,162
Interest paid	(24,187)	(121,323)
Net cash used in financing activities	(42,550)	(90,161)
Net increase/(decrease) in cash and cash equivalents	928,235	(1,025,303)
Cash and cash equivalents at beginning of year	(1,419,578)	(394,276)
Cash and cash equivalents at the end of year	(491,343)	(1,419,579)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,482	15,350
Bank overdrafts	(496,825)	(1,434,929)

EDWARDS CHESHIRE COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

2018 £	2017 £
<u>(491,343)</u>	<u>(1,419,579)</u>

The notes on pages 14 to 30 form part of these financial statements.

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Edwards Cheshire Company Limited is a private limited company, it is incorporated in the United Kingdom, and its registered office is at 18 Chesford Grange, Warrington, Cheshire, WA1 4RQ.

The principal activity of the company is the supply of timber flooring products.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The financial statements are presented in pounds Sterling (£).

The following principal accounting policies have been applied:

2.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Revenue

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied

- the company has transferred the significant risks and rewards of ownership to the buyer, usually upon dispatch from the warehouse;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets such as software, trademarks and goodwill are measured at cost less accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

The estimated useful lives range as follows:

Software	-	4	years
Goodwill	-	4	years
Trademarks	-	4	years

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

L/Term Leasehold Property	- 10 - 25% straight line
Plant & machinery	- 25% straight line
Motor vehicles	- 25% straight line
Fixtures & fittings	- 25% straight line
Office equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income.

2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.11 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade creditors and debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate,

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.11 Financial instruments (continued)

the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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 the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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 items 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 income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Management have applied their own judgement to assess the appropriateness of the key accounting policies, and to ensure that they are compliant with FRS102.

Management have determined that the primary area of judgement is with regards to assessing the effective interest rate of the balances due from related parties, which requires market rate of interest to be attached to them.

Management also consider a significant judgement to be made in respect of the stock provision. There is no provision made against the stock on the basis that it is fully reusable and any stock impaired is written off immediately to the Statement of comprehensive income.

EDWARDS CHESHIRE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Turnover

	2018 £	2017 £
Sale of goods	<u>13,728,036</u>	<u>12,805,784</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	13,411,946	12,269,252
Rest of the world	316,090	536,532
	<u>13,728,036</u>	<u>12,805,784</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:	256,888	145,207
Amortisation of intangible assets, including goodwill	28,759	49,895
Exchange differences	9,970	162,955
Other operating lease rentals	307,215	252,156
Defined contribution pension cost	<u>50,679</u>	<u>49,890</u>

6. Auditor's remuneration

Fees payable to the company's auditor and its associates in respect of:

For the audit of these financial statements	10,600	11,800
Taxation compliance services	3,400	3,300
Research and Development	6,000	-
Tax advisory services	4,550	-
Other tax services	990	-
	<u>25,540</u>	<u>15,100</u>

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	1,688,976	1,697,803
Social security costs	186,245	191,687
Cost of defined contribution scheme	50,679	49,890
	<u>1,925,900</u>	<u>1,939,380</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
	<u>67</u>	<u>64</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	<u>427,673</u>	<u>280,479</u>

The highest paid director received remuneration of £104,820 (2017: £85,557).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,875 (2017: £8,778).

During the year post retirement benefits were accruing to 6 directors (2017: 6 directors) in respect of defined contribution pension schemes.

9. Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The figures below include compensation paid to key management personnel. The number of key management personnel who served in each year are: 7 (2017: 7).

	2018 £	2017 £
Key management personnel	<u>484,393</u>	<u>331,998</u>

EDWARDS CHESHIRE COMPANY LIMITED

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10. Interest receivable

	2018 £	2017 £
Other interest receivable	45,099	8,456

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	24,187	27,843
Other interest payable	116,220	93,480
	<u>140,407</u>	<u>121,323</u>

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	318,477	184,102
Adjustments in respect of previous periods	(96,239)	(152,024)
Total current tax	<u>222,238</u>	<u>32,078</u>
Deferred tax		
Origination and reversal of timing differences	3,977	17,939
Adjustments in respect of prior periods	(1,780)	11,450
Effect of tax rate change on opening balance	-	(2,578)
Total deferred tax	<u>2,197</u>	<u>26,811</u>
Taxation on profit on ordinary activities	<u>224,435</u>	<u>58,889</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017: *the same as*) the standard rate of corporation tax in the UK of 19% (2017: 20%) as set out below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,690,079</u>	<u>883,105</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	321,115	176,621
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,216	20,392
Capital allowances for year in excess of depreciation	14,491	8,193
Adjustments to tax charge in respect of prior periods	(98,186)	(140,574)
Non-taxable income	(5,600)	-
Deferred tax not recognised	(9,067)	-
Adjustment for changing tax rates	(1,534)	(5,744)
Current year underprovision	-	1
Total tax charge for the year	<u>224,435</u>	<u>58,889</u>

EDWARDS CHESHIRE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. Intangible assets

	Develop- ment £	Trademarks £	Goodwill £	Total £
Cost				
At 1 April 2017	298,442	69,498	42,850	410,790
Additions	458,769	-	-	458,769
Disposals	(1,475)	-	-	(1,475)
Transfer to tangible assets	(585,608)	-	-	(585,608)
At 31 March 2018	<u>170,128</u>	<u>69,498</u>	<u>42,850</u>	<u>282,476</u>
Amortisation				
At 1 April 2017	41,325	8,570	42,850	92,745
Charge for the year	12,787	15,972	-	28,759
Transfer to tangible assets	(2,500)	-	-	(2,500)
At 31 March 2018	<u>51,612</u>	<u>24,542</u>	<u>42,850</u>	<u>119,004</u>
Net book value				
At 31 March 2018	<u>118,516</u>	<u>44,956</u>	<u>-</u>	<u>163,472</u>
At 31 March 2017	<u>257,117</u>	<u>60,928</u>	<u>-</u>	<u>318,045</u>

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. Tangible fixed assets

	L/Term Leasehold Property Improvements £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation						
At 1 April 2017	325,278	503,178	122,796	277,140	128,710	1,357,102
Additions	1,686	23,928	-	4,596	2,702	32,912
Disposals	-	-	(11,117)	-	-	(11,117)
Transfer from intangible assets	304,366	235,104	-	9,000	37,138	585,608
At 31 March 2018	631,330	762,210	111,679	290,736	168,550	1,964,505
Depreciation						
At 1 April 2017	195,636	407,919	79,721	164,787	99,338	947,401
Charge for the year on owned assets	63,482	115,447	17,428	30,171	30,360	256,888
Disposals	-	-	(11,117)	-	-	(11,117)
Transfer from intangible assets	2,500	-	-	-	-	2,500
At 31 March 2018	261,618	523,366	86,032	194,958	129,698	1,195,672
Net book value						
At 31 March 2018	369,712	238,844	25,647	95,778	38,852	768,833
At 31 March 2017	129,642	95,259	43,075	112,353	29,372	409,701

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15. Stocks

	2018 £	2017 £
Work in progress	65,261	99,962
Finished goods and goods for resale	5,952,944	4,771,733
	<u>6,018,205</u>	<u>4,871,695</u>

Stock recognised in cost of sales during the year as an expense was £6,626,383 (2017: £6,530,950) .

An impairment loss of £62,835 (2017: £25,461) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16. Debtors

	2018 £	2017 £
Trade debtors	1,176,668	1,654,289
Amounts owed by related parties	4,284,457	3,534,410
Other debtors	19,322	18,936
Prepayments and accrued income	414,255	253,991
Amounts due from directors	416,957	440,552
	<u>6,311,659</u>	<u>5,902,178</u>

An impairment loss of £32,983 (2017: £4,700) was recognised against trade debtors.

17. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	5,482	15,350
Less: bank overdrafts	(496,825)	(1,434,929)
	<u>(491,343)</u>	<u>(1,419,579)</u>

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

18. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	496,825	1,434,929
Trade creditors	1,414,330	1,794,633
Amounts owed to related parties	1,503,288	-
Corporation tax	318,604	173,060
Other taxation and social security	352,894	419,696
Obligations under finance lease and hire purchase contracts	10,423	18,363
Other creditors	11,937	24,111
Accruals and deferred income	221,110	171,355
	<u>4,329,411</u>	<u>4,036,147</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate.

19. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	<u>25,081</u>	<u>35,504</u>

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate.

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	10,423	18,362
Between one and five years	25,081	35,504
	<u>35,504</u>	<u>53,866</u>

EDWARDS CHESHIRE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at amortised cost	<u>5,883,564</u>	<u>5,644,601</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,647,490)</u>	<u>(3,425,028)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed by related parties and directors current accounts.

Financial liabilities measured at amortised cost comprise trade and other creditors, bank overdrafts, amounts owed to related parties and accruals.

22. Deferred taxation

	2018 £	2017 £
At beginning of year	(61,769)	(34,958)
Charged to profit or loss	(2,197)	(26,811)
At end of year	<u>(63,966)</u>	<u>(61,769)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(64,023)	(62,550)
Tax losses carried forward	57	781
	<u>(63,966)</u>	<u>(61,769)</u>

EDWARDS CHESHIRE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

23. Share capital

	2018 £	2017 £
100,000 (2017 - 100,000) Ordinary shares of £0.01 each	1,000	1,000
Allotted, called up and fully paid		
200 (2017 - 200) Ordinary shares of £0.01 each	2	2

24. Reserves

Profit & loss account

This includes all current and prior period retained profit and losses.

25. Contingent liabilities

The Company is defending a claim arising from a debtor. Since it presently is not possible to reliably determine the quantum or timing of the outcome of this matter, no provision has been made in the financial statements. In managements opinion, the final resolution will not have a material adverse effect on the Company's financial position.

26. Capital commitments

Capital commitments for the year amounted to £Nil (2017: £157,754).

27. Commitments under operating leases

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	353,575	348,365
Later than 1 year and not later than 5 years	872,752	565,033
	1,226,327	913,398

EDWARDS CHESHIRE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. Related party transactions

During the year the company was charged rent of £218,850 (2017: £224,400) and service charges of £42,228 (2017: £34,977) by Chesford Grange Estates LLP. The partnership is related by common control.

Amounts due from related parties and amounts due to related parties are as set out below, all entities are related by virtue of common control.

No amounts due from related parties have been written off during the year (2017:£Nil).

	2018 £	2017 £
Related party debtors		
The House Maker Ltd	1,338,304	71,595
The House Maker (Crowthron) Ltd	1,531,501	1,411,950
The House Maker (Padgate) Ltd	71,172	71,124
The House Maker (Marthall) Limited	933,030	1,477,585
The House Maker (Macc) Ltd	-	93,622
The House Maker (Farm) Limited	-	(9,863)
Chesford Grange Estates LLP	410,450	418,397
Total related party debtors	4,284,457	3,534,410
	2018 £	2017 £
Related party creditors		
The House Maker (Macc) Ltd	1,296,669	-
The House Maker (Farm) Limited	206,619	-
Total related party creditors	1,503,288	-

29. Controlling party

The company does not have a parent undertaking. The ultimate controlling parties of the group are Robert Walsh and Jane Walsh.