

Company registration number: 03018384

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

30 JUNE 2018

**PELGAR INTERNATIONAL
LIMITED**



MENZIES

ACCOUNTING & TAX

PELGAR INTERNATIONAL LIMITED

COMPANY INFORMATION

Director	Dr G Capel-Williams
Registered number	03018384
Registered office	Unit 13 Newman Lane Alton Hampshire GU34 2QR
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Victoria House 50-58 Victoria Road Farnborough Hampshire GU14 7PG

PELGAR INTERNATIONAL LIMITED

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PELGAR INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Introduction

The principal activity of the company during the year was the manufacture of rodenticide and insecticide products, for controlling public health and agricultural (non-crop) pests.

Business review

The director was happy with the performance achieved during the year and the closing balance sheet position.

Results and performance

The full consolidation of the Agropharm Limited business has been successful as indicated by the improvement of the gross profit percentage to 54.15% (2017 - 51.33%). However we have seen a reduction in overall turnover due to the delays in some large tenders from the Middle East region which came to fruition in Q1 of FY 2018/2019.

The balance sheet remains strong and shows an increase from last year of just under £1million.

PelGar International Ltd has continued its good relationship with the bank and the remaining loan will be fully paid, on time, in May 2019.

The company's key performance indicators during the year were as follows:

	2018	As restated 2017
	£	£
Turnover	13,511,573	13,976,126
Gross Profit Margin	54.31%	51.33%
Net Assets	7,441,547	6,489,824

Principal risks and uncertainties

PelGar have been proactive in reducing the risks regarding the UK leaving the EU. We have put purchasing strategies into place to minimise delays in the arrival of key raw materials which in turn will ensure our customers do not suffer any delays in placing our products into the market.

Business environment

The field the company operates in is highly regulated which creates a large barrier to enter for new players which limits competition but also requires a continued significant spend to maintain approvals as regulations change. The EU is currently the toughest region for regulatory control and PelGar International is well positioned with relatively modern regulatory dossiers covering both active substances (rodenticides) and formulations. All regions and countries of the world have a need for pest control to both control nuisance pests and pests that transmit diseases. The demand for products is therefore unlikely to disappear though pressure to bring forward more environmentally friendly solutions will continue underlining the importance of a strong R&D base.

Strategy

PelGar has excellent technical skills which enable us to work in partnership with our customers to overcome regulatory changes and produce products that are the most suitable for their regions and target markets, our production facility allows the flexibility to then produce these products.

PELGAR INTERNATIONAL LIMITED

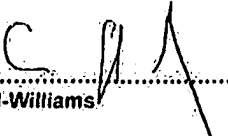
STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Future developments

PelGar continues to invest in key employees to strengthen both our technical and manufacturing skills to continue supporting our customers worldwide.

We are continuously looking to improve current processes and invest in new technology to maintain a safe and efficient production environment to support our employees and in turn provide customers with quality products.

This report was approved by the board and signed on its behalf by


.....
Dr G Capel-Williams
Director

26 March 2018

PELGAR INTERNATIONAL LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2018

The Director presents his report and the financial statements for the year ended 30 June 2018.

Director's responsibilities statement

The Director is responsible for preparing the Strategic Report, the Director's Report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £961,723 (2017 - £2,761,790).

Director

The Director who served during the year was:

Dr G Capel-Williams

Going Concern

The director has a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. For this reason the director continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Future Developments

The director will continue to develop the business along similar lines to those followed in previous years.

Matters covered in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 Strategic Report and Directors' Report Regulations 2013 to set out in company's strategic report information required by schedule 7 of the large and medium-sized Companies and Group (Accounts and Reports) Regulations 2008.

PELGAR INTERNATIONAL LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Disclosure of information to auditors

The Director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he 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 auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by


.....
Dr G Capel-Williams
Director

Date: 26 March 2019

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PELGAR INTERNATIONAL LIMITED**

Opinion

We have audited the financial statements of PelGar International Limited (the 'Company') for the year ended 30 June 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position 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 30 June 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 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 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.

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 included in the Annual Report, other than the financial statements and our Auditors' 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PELGAR INTERNATIONAL LIMITED (CONTINUED)**

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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 directors

As explained more fully in the Director's Responsibilities Statement on page 3, 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 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 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 have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PELGAR INTERNATIONAL LIMITED (CONTINUED)

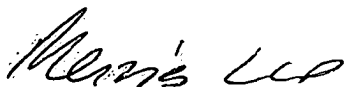
Auditors' responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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



Roberto Lobue FCA (Senior Statutory Auditor)

for and on behalf of
Menzies LLP

Chartered Accountants
Statutory Auditor

Victoria House
50-58 Victoria Road
Farnborough
Hampshire
GU14 7PG

Date: 27/3/19

--- PELGAR INTERNATIONAL LIMITED

--- STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 JUNE 2018 ---

	Note	2018 £	As restated 2017 £
Turnover	4	13,511,573	13,976,126
Cost of sales		(6,173,849)	(6,802,382)
Gross profit		7,337,724	7,173,744
Administrative expenses		(6,262,487)	(4,454,935)
Operating profit	5	1,075,237	2,718,809
Interest receivable and similar income	8	2	184
Interest payable and expenses	9	(26,340)	(57,290)
Profit before tax		1,048,899	2,661,703
Tax on profit	10	(87,176)	100,087
Profit after tax		961,723	2,761,790
Retained earnings at the beginning of the year		6,124,024	3,372,234
		6,124,024	3,372,234
Profit for the year		961,723	2,761,790
Dividends declared and paid		(10,000)	(10,000)
Retained earnings at the end of the year		7,075,747	6,124,024

The notes on pages 10 to 21 form part of these financial statements.

PELGAR INTERNATIONAL LIMITED
REGISTERED NUMBER:03018384

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 £	As restated 2017 £
Fixed assets			
Tangible assets	11	<u>1,395,105</u>	<u>1,394,063</u>
		1,395,105	1,394,063
Current assets			
Stocks	12	1,907,999	1,783,287
Debtors: amounts falling due within one year	13	8,832,353	8,702,031
Cash at bank and in hand		<u>138,667</u>	<u>343,900</u>
		10,879,019	10,829,218
Creditors: amounts falling due within one year	14	<u>(4,488,532)</u>	<u>(4,723,950)</u>
Net current assets		6,390,487	6,105,268
Total assets less current liabilities		7,785,592	7,499,331
Creditors: amounts falling due after more than one year	15	(31,394)	(671,626)
Provisions for liabilities			
Deferred tax	18	(163,851)	(201,481)
Other provisions	19	<u>(148,800)</u>	<u>(136,400)</u>
		(312,651)	(337,881)
Net assets		7,441,547	6,489,824
Capital and reserves			
Called up share capital	20	365,800	365,800
Profit and loss account	21	<u>7,075,747</u>	<u>6,124,024</u>
		7,441,547	6,489,824

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


 Dr G Capel-Williams
 Director

Date: 26 March 2019

The notes on pages 10 to 21 form part of these financial statements.

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. General information

PelGar International Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office, which is the same as its principal place of business, is disclosed on the Company Information page.

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 judgement in applying the Company accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv) ;
- the requirements of Section 7 Statement of Cash Flows ;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d) ;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) ;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A ;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of PelGen Limited as at 30 June 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

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;
- 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.

2.4 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Long-term leasehold property	-	4% (excluding land)
Plant and machinery	-	25%
Office equipment	-	25%
Computer equipment	-	25%

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 and Retained Earnings.

2.5 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 first in, first out basis.

The company have had a change in accounting policy in the way they value stock and work in progress. A proportion of labour is allocated to each item of finished goods and work in progress. This change in accounting policy has resulted in a prior year adjustment which has increased: stock by £96,883, corporation tax payable £19,135 and profit for the year £77,748. This also increases the opening reserves by £77,748 for 2018.

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.6 Financial instruments

The company enters into basic financial instrument 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.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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

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

Significant judgements

The company did not make any significant judgements (apart from those involving estimations which are detailed below that have a significant effect on the amounts recognised in the financial statements).

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

The company makes an estimate of the realisable value of stock. When assessing the impairment of stock management considers a number of factors including updated to laws and regulations, and the current market trends.

Estimates are involved with the determination of the fair value calculation of derivative financial instruments at the prior year end.

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sale of Goods	13,511,573	13,976,126
	<u>13,511,573</u>	<u>13,976,126</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	7,878,033	7,778,112
Rest of World	5,633,540	6,198,014
	<u>13,511,573</u>	<u>13,976,126</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Research & development charged as an expense	180,390	277,103
Depreciation of tangible assets	488,497	481,536
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,200	13,200
Exchange differences	(103,807)	(313,089)
Other operating lease rentals	426,576	418,715
	<u>426,576</u>	<u>418,715</u>

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6. Employees

Staff costs, including Director's remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	3,169,777	3,001,541
Social security costs	318,847	291,423
Cost of defined contribution scheme	60,705	43,453
	<u>3,549,329</u>	<u>3,336,417</u>

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

	2018 No.	2017 No.
Production Staff	56	52
Office staff	52	47
	<u>108</u>	<u>99</u>

7. Director's remuneration

	2018 £	2017 £
Director's emoluments	129,336	123,364
	<u>129,336</u>	<u>123,364</u>

During the period retirement benefits were accruing to no directors (2017: none) in respect of defined contribution pension schemes.

8. Interest receivable

	2018 £	2017 £
Other interest receivable	2	184
	<u>2</u>	<u>184</u>

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	23,669	49,184
Finance leases and hire purchase contracts	2,671	8,106
	<u>26,340</u>	<u>57,290</u>

10. Taxation

	2018 £	As restated 2017 £
Corporation tax		
Current tax on profits for the year	123,558	109,282
Adjustments in respect of previous periods	1,248	(152,275)
	<u>124,806</u>	<u>(42,993)</u>
Total current tax	<u>124,806</u>	<u>(42,993)</u>
Deferred tax		
Accelerated Capital Allowances	(37,630)	(57,094)
Total deferred tax	<u>(37,630)</u>	<u>(57,094)</u>
Taxation on profit/(loss) on ordinary activities	<u>87,176</u>	<u>(100,087)</u>

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.75%). The differences are explained below:

	2018 £	As restated 2017 £
Profit on ordinary activities before tax	1,048,899	2,661,703
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	199,291	525,687
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,410	3,773
Depreciation of assets ineligible for capital allowances	1,249	-
Adjustments to tax charge in respect of prior periods	-	(152,275)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(347,879)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(117,433)	(128,208)
Changes in provisions leading to an increase (decrease) in the tax charge	2,345	-
Group relief	(686)	(1,185)
Total tax charge for the year	87,176	(100,087)

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 July 2017	282,365	2,859,848	237,627	160,410	3,540,250
Additions	-	451,321	-	14,238	465,559
At 30 June 2018	<u>282,365</u>	<u>3,311,169</u>	<u>237,627</u>	<u>174,648</u>	<u>4,005,809</u>
Depreciation					
At 1 July 2017	35,357	1,835,195	159,873	115,762	2,146,187
Charge for the year	54,033	376,495	19,609	14,380	464,517
At 30 June 2018	<u>89,390</u>	<u>2,211,690</u>	<u>179,482</u>	<u>130,142</u>	<u>2,610,704</u>
Net book value					
At 30 June 2018	<u>192,975</u>	<u>1,099,479</u>	<u>58,145</u>	<u>44,506</u>	<u>1,395,105</u>
At 30 June 2017	<u>247,008</u>	<u>1,024,653</u>	<u>77,754</u>	<u>44,648</u>	<u>1,394,063</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	163,302	181,446
	<u>163,302</u>	<u>181,446</u>

12. Stocks

	2018 £	As restated 2017 £
Raw materials	1,305,712	1,251,027
Work in progress (goods to be sold)	265,012	173,029
Finished goods and goods for resale	337,275	359,231
	<u>1,907,999</u>	<u>1,783,287</u>

Stock recognised in cost of sales during the year as an expense was £5,567,434 (2017 - £6,038,590).

--- **PELGAR INTERNATIONAL LIMITED** ---

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 ---

13. Debtors

	2018 £	2017 £
Trade debtors	2,419,168	2,362,334
Amounts owed by group undertakings	5,615,125	5,329,728
Other debtors	738,253	937,116
Prepayments and accrued income	59,807	72,853
	<u>8,832,353</u>	<u>8,702,031</u>

14. Creditors: Amounts falling due within one year

	2018 £	As restated 2017 £
Bank loans	593,078	576,018
Trade creditors	1,535,391	1,513,740
Amounts owed to group undertakings	108,064	18,979
Corporation tax	142,693	109,282
Other taxation and social security	169,081	215,963
Obligations under finance lease and hire purchase contracts	46,865	46,011
Other creditors	1,551,064	1,673,631
Accruals and deferred income	342,296	570,326
	<u>4,488,532</u>	<u>4,723,950</u>

The Security for the bank loan is in the form of a cross guarantee and debenture between PelGar International Limited, PelGen Limited and PelGar (Holdings) Limited.

Included within other creditors is an invoice discounting creditor of £1,483,173 (2017: £1,279,130) which is secured by way of a fixed and floating charge over the assets of the company.

Included within other creditors is a financial instrument of £nil (2017: £223,787) which is measured at fair value, with a change in valuation of £223,787 (2017: £321,301) charged to the Statement of Income and Retained Earnings.

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

	2018 £	2017 £
Bank loans	6,357	601,676
Net obligations under finance leases and hire purchase contracts	25,037	69,950
	<u>31,394</u>	<u>671,626</u>

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

16. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	593,078	576,018
	<u>593,078</u>	<u>576,018</u>
Amounts falling due 1-2 years		
Bank loans	6,357	601,676
	<u>6,357</u>	<u>601,676</u>
	<u>599,435</u>	<u>1,177,694</u>

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	46,865	44,233
Between 1-2 years	25,037	46,864
Between 2-5 years	-	23,086
	<u>71,902</u>	<u>114,183</u>

18. Deferred taxation

	2018 £	2017 £
At beginning of year	(201,481)	(144,488)
Charged to profit or loss	37,630	57,094
Transfers intra group	-	(114,087)
At end of year	<u>(163,851)</u>	<u>(201,481)</u>

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

18. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(163,851)	(201,481)
	<u>(163,851)</u>	<u>(201,481)</u>

19. Provisions

	Dilapidations £
At 1 July 2017	136,400
Charged to profit or loss	25,000
Movement during the year	(12,600)
At 30 June 2018	<u>148,800</u>

A provision for dilapidations is to recognise future costs to return the leased property to the condition in which it was first provided. This will be released on the surrender of the lease.

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
365,800 Ordinary Share Capital shares of £1 each	<u>365,800</u>	<u>365,800</u>

21. Reserves

Profit and loss account

Each ordinary share carries voting rights and there are no restrictions on the distribution of dividends.

22. 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 cost charge represents contributions payable by the company to the fund and amounted to £60,705 (2017 - £43,453). Contributions totalling £5,258 (2017 - £293) were payable to the fund at the 30 June 2018 and are included in creditors.

PELGAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

23. Commitments under operating leases

At 30 June 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Land and Buildings		
Not later than 1 year	207,892	207,671
Later than 1 year and not later than 5 years	795,388	627,715
Later than 5 years	166,553	286,925
	<u>1,169,833</u>	<u>1,122,311</u>
Other		
	2018 £	2017 £
Not later than 1 year	10,604	16,224
Later than 1 year and not later than 5 years	66,771	7,822
Later than 5 years	13,911	-
	<u>91,286</u>	<u>24,046</u>

24. Related party transactions

An amount of £39,743 (2017 - £25,480) was owed to Dr G Capel-Williams by the company at the balance sheet date.

25. Controlling party

The immediate parent undertaking is PelGar (Holdings) Limited, a company incorporated in England. The registered office of PelGar (Holdings) Limited is disclosed on the company information page.

The ultimate parent is PelGen Limited, a company incorporated in England. Copies of the holding company's accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Dr G Capel-Williams is the ultimate controlling party by virtue of control of PelGen Limited.