
ROYSTON LABELS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

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ROYSTON LABELS LIMITED

COMPANY INFORMATION

DIRECTORS

Mr P Clayton
Mrs S Clayton

COMPANY SECRETARY

Mrs S Clayton

REGISTERED NUMBER

03027229

REGISTERED OFFICE

Salisbury House
Station Road
Cambridge
CB1 2LA

INDEPENDENT AUDITORS

Peters Elworthy & Moore
Chartered Accountants & Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

BANKERS

HSBC Bank Plc
132 High Street
Huntingdon
PE18 6NG

ROYSTON LABELS LIMITED

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ROYSTON LABELS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2019

INTRODUCTION

The directors present their strategic report and business review, which includes the principal risks and uncertainties of the business, key performance indicators and future developments.

BUSINESS REVIEW

The principal activity of the company continued to be the manufacture of self – adhesive labels.

The company has to report a reduction in turnover, based on levels achieved in recent years, but also a drop in margin which is a direct effect of the business move that was undertaken during the preceding financial year and associated operational issues. These have been addressed by the appointment of a new operational manager subsequent to the financial year end.

The company will now look at delivering the potential that the new site offers in relation to growth & operational performance, with the six-month management accounts to October 2019 showing a return to profit.

The company continues to win awards for the quality of its work and driving innovation is very much part of the culture.

PRINCIPAL RISKS AND UNCERTAINTIES

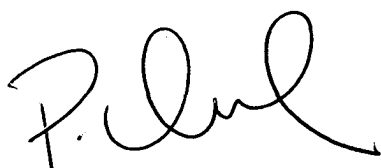
The company continues to look at risk and ensures that there is not too much reliance on any one account. We also have looked to diversify as much as possible into other market sectors and will adapt and develop accordingly in order to strategically grow.

The directors routinely monitor all known risks and uncertainties and appropriate actions are taken.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors have agreed a set of Key Performance Indicators which collectively help monitor and drive performance, these are monitored on a monthly basis and comparisons are made to budgets, forecasts and prior year results.

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



Mr P Clayton
Director

Date:

4/12/19

ROYSTON LABELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2019

The directors present their report and the financial statements for the year ended 30 April 2019.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £424,333 (2018 - profit £24,911).

The directors do not recommend the payment of a dividend on the ordinary shares.

DIRECTORS

The directors who served during the year were:

Mr P Clayton
Mrs S Clayton

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 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 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 Company 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 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 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.

FUTURE DEVELOPMENTS

The directors intend to continue to grow all areas of the business.

ROYSTON LABELS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2019**

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

POST BALANCE SHEET EVENTS

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

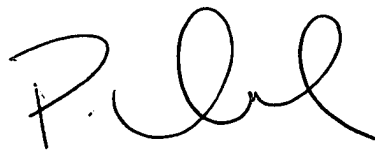
AUDITORS

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

**Mr P Clayton
Director**

Date:



4/12/19

ROYSTON LABELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROYSTON LABELS LIMITED

OPINION

We have audited the financial statements of Royston Labels Limited (the 'Company') for the year ended 30 April 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity 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 April 2019 and of its loss 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 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.

OTHER INFORMATION

The directors are 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

ROYSTON LABELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROYSTON LABELS LIMITED (CONTINUED)

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.

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 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.

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 Directors' Report.

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

- adequate accounting records have not been kept, 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 2, 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.

ROYSTON LABELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROYSTON LABELS 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.

Stephen Peak (Senior Statutory Auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

4 December 2019

ROYSTON LABELS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2019**

	Note	2019 £	2018 £
Turnover	4	8,862,207	8,657,422
Cost of sales		(7,273,784)	(6,669,121)
GROSS PROFIT		1,588,423	1,988,301
Administrative expenses		(1,944,442)	(1,940,539)
OPERATING (LOSS)/PROFIT	5	(356,019)	47,762
Interest receivable and similar income	9	2,063	7,707
Interest payable and expenses	10	(147,995)	(39,524)
(LOSS)/PROFIT BEFORE TAX		(501,951)	15,945
Tax on (loss)/profit	11	77,618	8,966
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(424,333)	24,911

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018 - £NIL).

The notes on pages 11 to 26 form part of these financial statements.

ROYSTON LABELS LIMITED
REGISTERED NUMBER: 03027229

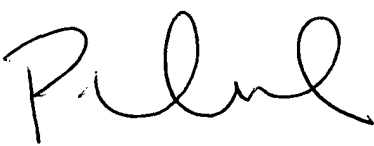
BALANCE SHEET
AS AT 30 APRIL 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	13	7,004,841	7,192,514
		<u>7,004,841</u>	<u>7,192,514</u>
CURRENT ASSETS			
Stocks	14	650,845	672,970
Debtors: amounts falling due within one year	15	1,851,518	2,198,791
Cash at bank and in hand	16	470,867	782,017
		<u>2,973,230</u>	<u>3,653,778</u>
Creditors: amounts falling due within one year	17	(2,527,626)	(3,938,476)
NET CURRENT ASSETS/(LIABILITIES)		<u>445,604</u>	<u>(284,698)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,450,445</u>	<u>6,907,816</u>
Creditors: amounts falling due after more than one year	18	(2,897,778)	(1,868,933)
PROVISIONS FOR LIABILITIES			
Deferred tax	22	(123,846)	(185,729)
		<u>(123,846)</u>	<u>(185,729)</u>
NET ASSETS		<u>4,428,821</u>	<u>4,853,154</u>
CAPITAL AND RESERVES			
Called up share capital	23	1,000	1,000
Profit and loss account	24	4,427,821	4,852,154
		<u>4,428,821</u>	<u>4,853,154</u>

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

Mr P Clayton
Director

Date:


4/12/19

The notes on pages 11 to 26 form part of these financial statements.

ROYSTON LABELS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
AT 1 MAY 2018	1,000	4,852,154	4,853,154
Loss for the year	-	(424,333)	(424,333)
AT 30 APRIL 2019	1,000	4,427,821	4,428,821

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
AT 1 MAY 2017	1,000	5,012,983	5,013,983
Profit for the year	-	24,911	24,911
Dividends paid	-	(185,740)	(185,740)
AT 30 APRIL 2018	1,000	4,852,154	4,853,154

The notes on pages 11 to 26 form part of these financial statements.

ROYSTON LABELS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2019**

	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the financial year	(424,333)	24,911
ADJUSTMENTS FOR:		
Depreciation of tangible assets	802,767	587,178
Interest paid	147,995	39,524
Interest received	(2,063)	(7,707)
Taxation charge	(77,618)	(8,966)
Decrease/(increase) in stocks	22,125	(151,664)
Decrease in debtors	347,273	299,105
Decrease in creditors	(205,616)	(119,798)
Corporation tax (paid)	(25,855)	(57,563)
NET CASH GENERATED FROM OPERATING ACTIVITIES	584,675	605,020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(87,533)	(3,668,420)
Interest received	2,063	7,707
HP interest paid	(57,262)	(18,582)
NET CASH FROM INVESTING ACTIVITIES	(142,732)	(3,679,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
New secured loans	-	1,259,436
Repayment of loans	(39,078)	-
Repayment of finance leases	(623,282)	(185,647)
Dividends paid	-	(185,740)
Interest paid	(90,733)	(20,942)
NET CASH USED IN FINANCING ACTIVITIES	(753,093)	867,107
(DECREASE) IN CASH AND CASH EQUIVALENTS	(311,150)	(2,207,168)
Cash and cash equivalents at beginning of year	782,017	2,989,185
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	470,867	782,017
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	470,867	782,017
	470,867	782,017

ROYSTON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

1. GENERAL INFORMATION

Royston Labels Limited is a company limited by shares, incorporated in England and Wales. Its registered office is Salisbury House, Station Road, Cambridge, CB1 2LA.

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's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

ROYSTON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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 OPERATING LEASES

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

2.5 LEASED ASSETS

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Other leases that do not transfer substantially all the risks and rewards of ownership of the leased asset to the company are classified as operating leases.

2.6 RESEARCH AND DEVELOPMENT

Research and development expenditure is written off in the year in which it is incurred.

2.7 INTEREST INCOME

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

ROYSTON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCE COSTS

Finance costs are charged to the profit and loss account 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 BORROWING COSTS

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.10 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 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 balance sheet 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 Balance Sheet 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 balance sheet date.

ROYSTON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.12 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Freehold property	- 1% straight line
Long-term leasehold property	- over the period of the lease
Plant & machinery	- 10-20% straight line
Fixtures & fittings	- 20-25% straight line
Office equipment	- 25-33% 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 Comprehensive Income.

2.13 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. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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 profit or loss.

2.14 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.

ROYSTON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.15 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.

2.16 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.

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 Balance Sheet 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 Balance Sheet.

2.18 FINANCIAL INSTRUMENTS

The Company only 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, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at 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 debtors and creditors, 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 the case of an out-right short-term loan not at market rate, 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.

ROYSTON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.18 FINANCIAL INSTRUMENTS (CONTINUED)

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

2.19 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

Depreciation - the charge in the year is based on the policies outlined in accounting policy 2.12.

Stock provision - a specific provision has been made for slow-moving and obsolete stock and is reviewed on an annual basis. Management review all old and slow-moving items and consider whether a provision is required.

Bad debts - an allowance for doubtful accounts is maintained for potential credit losses based upon management's assessment of expected collectability of all accounts receivable. The allowance for doubtful accounts is reviewed periodically to assess the adequacy of the allowance. In making this assessment, management takes into consideration any circumstances of which they are aware regarding a customer's inability to meet its financial obligations.

ROYSTON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

4. TURNOVER

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	8,446,018	8,398,153
Rest of Europe	278,061	239,535
Rest of the world	138,128	19,734
	<u>8,862,207</u>	<u>8,657,422</u>

5. OPERATING (LOSS)/PROFIT

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

	2019 £	2018 £
Research & development charged as an expense	-	1,065
Depreciation of tangible fixed assets	802,767	587,178
Exchange differences	471	(1,336)
Defined contribution pension cost	65,278	55,081
	<u>868,516</u>	<u>1,128,994</u>

6. AUDITORS' REMUNERATION

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,350	7,150

**FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS
ASSOCIATES IN RESPECT OF:**

Other services relating to taxation	1,465	1,425
All other services	5,741	2,080
	<u>7,206</u>	<u>3,505</u>

ROYSTON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

7. EMPLOYEES

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

	2019 £	2018 £
Wages and salaries	2,754,553	2,575,089
Social security costs	287,593	267,168
Cost of defined contribution scheme	65,278	55,081
	<u>3,107,424</u>	<u>2,897,338</u>

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

	2019 No.	2018 No.
Employees	<u>79</u>	<u>73</u>

8. DIRECTORS' REMUNERATION

	2019 £	2018 £
Directors' emoluments	315,658	321,915
Company contributions to defined contribution pension schemes	-	(19,250)
	<u>315,658</u>	<u>302,665</u>

During the year retirement benefits were accruing to no directors (2018 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £229,654 (2018 - £227,443).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £NIL).

9. INTEREST RECEIVABLE

	2019 £	2018 £
Other interest receivable	2,063	7,707
	<u>2,063</u>	<u>7,707</u>

ROYSTON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Other loan interest payable	45,007	775
Mortgage interest payable	45,726	20,167
Finance leases and hire purchase contracts	57,262	18,582
	<u>147,995</u>	<u>39,524</u>

11. TAXATION

	2019 £	2018 £
CORPORATION TAX		
Adjustments in respect of previous periods	(15,735)	(92,724)
TOTAL CURRENT TAX	<u>(15,735)</u>	<u>(92,724)</u>
DEFERRED TAX		
Origination and reversal of timing differences	(61,883)	83,758
TOTAL DEFERRED TAX	<u>(61,883)</u>	<u>83,758</u>
TAXATION ON LOSS ON ORDINARY ACTIVITIES	<u>(77,618)</u>	<u>(8,966)</u>

ROYSTON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>(501,951)</u>	<u>15,945</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(95,371)	3,030
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	15,177	1,465
Capital allowances for year in excess of depreciation	(21,878)	(92,673)
Other fixed asset differences, adjustments & movements	312	276
Adjustments to tax charge in respect of prior periods	(15,735)	(92,724)
Short term timing difference leading to an increase (decrease) in taxation	82	42
Research and development uplifts	-	(591)
Utilisation and movements on tax losses	101,678	88,451
Deferred tax for the year	(61,883)	83,758
TOTAL TAX CHARGE FOR THE YEAR	<u>(77,618)</u>	<u>(8,966)</u>

12. DIVIDENDS

	2019 £	2018 £
Paid during the year	-	185,740
	<u>-</u>	<u>185,740</u>

ROYSTON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

13. TANGIBLE FIXED ASSETS

	Freehold property £	L/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
COST OR VALUATION						
At 1 May 2018	3,136,622	1,043,002	8,098,142	253,006	470,468	13,001,240
Additions	22,152	16,810	506,830	989	68,313	615,094
Disposals	-	(236,800)	(1,262,003)	(87,382)	(100,643)	(1,686,828)
At 30 April 2019	3,158,774	823,012	7,342,969	166,613	438,138	11,929,506
DEPRECIATION						
At 1 May 2018	-	236,800	5,209,217	118,780	243,929	5,808,726
Charge for the year on owned assets	21,289	75,443	306,241	27,889	51,079	481,941
Charge for the year on financed assets	-	-	301,635	-	19,191	320,826
Disposals	-	(236,800)	(1,262,003)	(87,382)	(100,643)	(1,686,828)
At 30 April 2019	21,289	75,443	4,555,090	59,287	213,556	4,924,665
NET BOOK VALUE						
At 30 April 2019	3,137,485	747,569	2,787,879	107,326	224,582	7,004,841
At 30 April 2018	3,136,622	806,202	2,888,925	134,226	226,539	7,192,514

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Freehold	3,137,485	3,136,622
Long leasehold	747,569	806,202
	<u>3,885,054</u>	<u>3,942,824</u>

ROYSTON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

14. STOCKS

	2019 £	2018 £
Raw materials and consumables	377,070	362,995
Work in progress (goods to be sold)	74,242	119,593
Finished goods and goods for resale	199,533	190,382
	<u>650,845</u>	<u>672,970</u>

Stock recognised in cost of sales during the year as an expense was £3,993,298 (2018 - £3,885,255).

An impairment credit of £1,925 (2018 - £47,287) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

15. DEBTORS

	2019 £	2018 £
Trade debtors	1,619,055	1,665,753
Other debtors	400	177,714
Prepayments and accrued income	232,063	355,324
	<u>1,851,518</u>	<u>2,198,791</u>

16. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	470,867	782,017
	<u>470,867</u>	<u>782,017</u>

ROYSTON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank loans	138,288	1,351,620
Trade creditors	1,283,166	1,860,982
Corporation tax	-	41,590
Other taxation and social security	314,486	72,694
Obligations under finance lease and hire purchase contracts	490,385	440,697
Other creditors	17,419	8,740
Accruals and deferred income	283,882	162,153
	<u>2,527,626</u>	<u>3,938,476</u>

Secured loans

Bank loans comprise a mortgage to finance the purchase of freehold property in 2014. The mortgage is secured on the property. Interest is charged at 2.5% per annum and repayments of £4,302 are made monthly.

Bank loans also comprise a short term facility drawn down to finance the redevelopment of property during the prior year. The facility is secured on the property and interest is charged at 2% per annum over the Bank of England Base Rate. This loan was subsequently termed after the year end over a period of 15 years.

Obligations under finance lease and hire purchase contracts are secured on the assets concerned.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Bank loans	1,610,204	435,950
Net obligations under finance leases and hire purchase contracts	1,287,574	1,432,983
	<u>2,897,778</u>	<u>1,868,933</u>

Secured loans

Bank loans comprise a mortgage to finance the purchase of freehold property in 2014. The mortgage is secured on the property. Interest is charged at 2.5% and repayments of £4,302 are made monthly.

Bank loans also comprise a short term facility drawn down to finance the redevelopment of property during the prior year. The facility is secured on the property and interest is charged at 2% per annum over the Bank of England Base Rate. This loan was subsequently termed after the year end over a period of 15 years.

Obligations under finance lease and hire purchase contracts are secured on the assets concerned.

ROYSTON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

19. LOANS

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Within one year	138,288	1,351,620
Between 1-2 years	138,288	51,621
Between 2-5 years	414,861	154,861
After more than 5 years	1,057,055	229,468
	<u>1,748,492</u>	<u>1,787,570</u>

20. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	490,385	440,697
Between 1-2 years	478,816	376,857
Between 2-5 years	808,758	1,056,126
	<u>1,777,959</u>	<u>1,873,680</u>

21. FINANCIAL INSTRUMENTS

	2019 £	2018 £
FINANCIAL ASSETS		
Financial assets measured at amortised cost	<u>2,090,322</u>	<u>2,598,850</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>3,327,136</u>	<u>3,819,129</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and cash at bank and in hand.

ROYSTON LABELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019**

22. DEFERRED TAXATION

	2019 £	2018 £
At beginning of year	185,729	101,971
Charged to profit or loss	(61,883)	83,758
AT END OF YEAR	123,846	185,729

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	215,782	186,616
Short term timing differences	(961)	(887)
Losses and other deductions	(90,975)	-
	123,846	185,729

23. SHARE CAPITAL

	2019 £	2018 £
ALLOTTED, CALLED UP AND FULLY PAID		
1,000 (2018 - 1,000) Ordinary shares shares of £1.00 each	1,000	1,000

24. RESERVES

Profit & loss account

Includes all current and prior year retained profits and losses.

25. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the employees and a Small Self Administered Scheme for the directors. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £65,278 (2018 - £55,081). Contributions payable to the fund as at the balance sheet date were £11,579 (2018 - £8,417).

ROYSTON LABELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

26. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	7,520	4,367
Later than 1 year and not later than 5 years	12,452	728
	<u>19,972</u>	<u>5,095</u>

27. RELATED PARTY TRANSACTIONS

Mr P Clayton

Mr P Clayton, director, held a director's loan account with the Company during the year. This loan bears interest at 2.5% above Bank of England base rate and is repayable on demand. The balance due to Mr P Clayton as at 30 April 2019 was £5,823 (2018 - £316), which is included within other creditors. The maximum overdrawn balance during the year was £NIL (2018 - £188,210). Net interest of £NIL (2018 - £38) was paid on the overdrawn balance during the year.

Royston Labels Pension Fund

The Company paid Royston Labels Pension Fund, of which the directors are trustees, rent at market value, amounting to £27,217 (2018 - £75,598) during the year. At the year end the Company was due a balance of £NIL (2018 - £150,000) from Royston Labels Pension Fund.

28. CONTROLLING PARTY

The company is controlled by the director, Mr P Clayton, by virtue of his 100% shareholding.