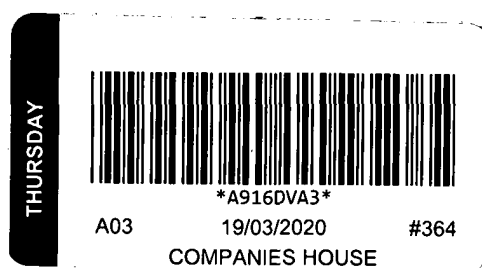


Registrar
Cons.

COMPANY REGISTRATION NUMBER: 01099088

Robert Scott & Sons Limited
Financial Statements
30 September 2019



WRIGLEY PARTINGTON

Chartered accountants & statutory auditor
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Robert Scott & Sons Limited

Financial Statements

Year ended 30 September 2019

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent auditor's report to the members	6
Consolidated statement of income and retained earnings	10
Company statement of income and retained earnings	11
Consolidated statement of financial position	12
Company statement of financial position	13
Consolidated statement of cash flows	14
Notes to the financial statements	15

Robert Scott & Sons Limited

Officers and Professional Advisers

The board of directors

James A Scott
Peter R Scott
Alastair M Scott
Daniel P Scott
Margaret J Scott
Anne K M Scott
Frank Murphy
Mark Smith

Company secretary

Daniel P Scott

Registered office

Oakview Mills
Manchester Road
Greenfield
Oldham
OL3 7HG

Auditor

Wrigley Partington
Chartered accountants & statutory auditor
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Bankers

Barclays Bank plc
Leicestershire
LE87 2BB

Robert Scott & Sons Limited

Strategic Report

Year ended 30 September 2019

Review of the business

The directors present their strategic report on the group for the year ended 30th September 2019. Robert Scott and Sons Limited is a trading and holding company.

The company's principal activity during the year was the manufacture and sale of professional cleaning equipment and associated products, including microfibre and wet mopping systems as well as traditional and non woven cloths. The group has four dormant subsidiaries.

Results and performance

The directors are satisfied with the level of business for the year, the results for the year and the financial position at the end of the year.

The group recorded a profit before taxation of £6,407,143 (2018 - £6,506,910). The company did not pay a dividend during the year.

Key Performance Indicators

We have made considerable progress throughout the year in relation to key elements of our strategy. The board measures the performance of the company by reference to the following KPI's:

	2019	2018
Turnover	£48.4m	£48.3m
Gross Profit	£15.3m	£16.0m
Gross Margin	31.6%	33.1%
Net Current Assets	£46.1m	£41.4m
Average No. Employees	228	225
Return on capital employed	.19	.23
Current ratio	6.64	6.95

Stock, Debtor and Creditor days were well managed with figures similar to the previous year. The performance of the group during the year has produced encouraging results.

Business environment

Turnover is based on the core janitorial products. We are developing and expanding our product range where appropriate, controlling costs and maintaining our high level of customer service in order to remain competitive.

Strategy

The groups success is dependent on correct pricing policies and customer service. Our purchasing department ensures that the best prices are obtained and are constantly reviewed. We maintain our levels of customer service by ensuring that we maintain good levels of stock and that our sales and customer service departments are well trained. New systems and technologies are adopted wherever possible, and investment is made in the appropriate infrastructure. The group will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing markets. We aim to maintain efficiency in all areas by continuing to monitor overheads and reducing costs where appropriate.

Robert Scott & Sons Limited

Strategic Report *(continued)*

Year ended 30 September 2019

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to board approval and ongoing review by management. Compliance with legal, ethical and regulation standards is a high priority for the company. The board is responsible for satisfying itself that proper internal control exists to manage financial risks and that controls operate effectively.

The group has developed a framework for identifying the risks that it is exposed to and their impact on economic capital. The principal risks are global factors which impact on the price of goods purchased. These relate to foreign exchange rate movements and the price of oil. We try to minimise the risks by obtaining forward contracts. Other risks relate to maintaining the supply chain from the Far East, high levels of stock are maintained to ensure that orders can be fulfilled, until alternative supplies can be sourced if necessary.

Future developments

Although the growth of the UK economy strengthened during the year, the risks to UK economic growth remain significant and future prospects may be influenced by developments in the rest of the world. It is anticipated that there will be pressure on sales prices due to global factors, for example exchange rates and oil prices. We will be concentrating on purchasing at the best possible price and keeping our overheads as low as possible. We will maximise our turnover by adding to our product range, which will be sold to our existing and new customers.

The directors anticipate that the present level of activity will be sustained for the foreseeable future.

This report was approved by the board of directors on 12 February 2020 and signed on behalf of the board by:



Daniel P Scott
Company Secretary

Registered office:
Oakview Mills
Manchester Road
Greenfield
Oldham
OL3 7HG

Robert Scott & Sons Limited

Directors' Report

Year ended 30 September 2019

The directors present their report and the financial statements of the group for the year ended 30 September 2019.

Directors

The directors who served the company during the year were as follows:

James A Scott
Peter R Scott
Alastair M Scott
Daniel P Scott
Margaret J Scott
Anne K M Scott
Frank Murphy
Mark Smith

Dividends

The directors do not recommend the payment of a dividend.

Employee involvement

During the year, the policy of providing employees with information about the group has been continued through the inhouse quarterly news letter. Employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Disclosure of information in the strategic report

The directors have disclosed information on the review of the business, details of results and performance and future developments in the Strategic Report on pages 2 to 3.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Robert Scott & Sons Limited

Directors' Report *(continued)*

Year ended 30 September 2019

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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 12 February 2020 and signed on behalf of the board by:



Daniel P Scott
Company Secretary

Registered office:
Oakview Mills
Manchester Road
Greenfield
Oldham
OL3 7HG

Robert Scott & Sons Limited

Independent Auditor's Report to the Members of Robert Scott & Sons Limited

Year ended 30 September 2019

Opinion

We have audited the financial statements of Robert Scott & Sons Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated 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 FRS 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 group's and of the parent company's affairs as at 30 September 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

Robert Scott & Sons Limited

Independent Auditor's Report to the Members of Robert Scott & Sons Limited (continued)

Year ended 30 September 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Robert Scott & Sons Limited

Independent Auditor's Report to the Members of Robert Scott & Sons Limited (continued)

Year ended 30 September 2019

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Robert Scott & Sons Limited

Independent Auditor's Report to the Members of Robert Scott & Sons Limited *(continued)*

Year ended 30 September 2019

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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.



Andrew P Dixon FCA (Senior Statutory Auditor)

For and on behalf of
Wrigley Partington
Chartered accountants & statutory auditor
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

12 February 2020

Robert Scott & Sons Limited
Consolidated Statement of Income and Retained Earnings
Year ended 30 September 2019

	Note	2019 £	2018 £
Turnover	4	48,453,451	48,351,152
Cost of sales		<u>33,193,765</u>	<u>32,332,215</u>
Gross profit		15,259,686	16,018,937
Distribution costs		<u>2,720,630</u>	<u>2,642,409</u>
Administrative expenses		<u>7,250,038</u>	<u>7,038,933</u>
Operating profit	5	5,289,018	6,337,595
Income from other fixed asset investments	9	322	258
Other interest receivable and similar income	10	<u>1,117,803</u>	<u>169,057</u>
Profit before taxation		6,407,143	6,506,910
Tax on profit	11	<u>1,218,435</u>	<u>1,321,768</u>
Profit for the financial year and total comprehensive income		<u>5,188,708</u>	<u>5,185,142</u>
Retained earnings at the start of the year		<u>52,895,893</u>	<u>47,710,751</u>
Retained earnings at the end of the year		<u>58,084,601</u>	<u>52,895,893</u>

All the activities of the group are from continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

Robert Scott & Sons Limited
Company Statement of Income and Retained Earnings
Year ended 30 September 2019

	Note	2019 £	2018 £
Profit for the financial year and total comprehensive income		5,369,708	5,807,905
Retained earnings at the start of the year		52,500,894	46,692,989
Retained earnings at the end of the year		<u>57,870,602</u>	<u>52,500,894</u>

The notes on pages 15 to 28 form part of these financial statements.

Robert Scott & Sons Limited
Consolidated Statement of Financial Position
30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	114,000	295,000
Tangible assets	13	12,014,362	11,178,721
Investments	14	12,875	12,875
		<u>12,141,237</u>	<u>11,486,596</u>
Current assets			
Stocks	15	11,943,659	12,280,402
Debtors	16	11,486,598	10,667,846
Investments	17	16,194,257	15,281,434
Cash at bank and in hand		14,743,900	10,400,147
		<u>54,368,414</u>	<u>48,629,829</u>
Creditors: amounts falling due within one year	18	<u>8,188,312</u>	<u>7,001,496</u>
Net current assets		<u>46,180,102</u>	<u>41,628,333</u>
Total assets less current liabilities		<u>58,321,339</u>	<u>53,114,929</u>
Provisions			
Taxation including deferred tax	19	211,738	194,036
Net assets		<u>58,109,601</u>	<u>52,920,893</u>
Capital and reserves			
Called up share capital	23	25,000	25,000
Profit and loss account	24	58,084,601	52,895,893
Shareholders funds		<u>58,109,601</u>	<u>52,920,893</u>

These financial statements were approved by the board of directors and authorised for issue on 12 February 2020, and are signed on behalf of the board by:



Alastair M Scott
Director

Company registration number: 01099088

The notes on pages 15 to 28 form part of these financial statements.

Robert Scott & Sons Limited
Company Statement of Financial Position
30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	12,014,362	11,178,721
Investments	14	<u>132,876</u>	<u>132,876</u>
		12,147,238	11,311,597
Current assets			
Stocks	15	11,943,659	12,280,402
Debtors	16	14,950,329	14,131,577
Investments	17	16,194,257	15,281,434
Cash at bank and in hand		<u>14,743,900</u>	<u>10,400,147</u>
		57,832,145	52,093,560
Creditors: amounts falling due within one year	18	<u>11,872,043</u>	<u>10,685,227</u>
Net current assets		45,960,102	41,408,333
Total assets less current liabilities		58,107,340	52,719,930
Provisions			
Taxation including deferred tax	19	<u>211,738</u>	<u>194,036</u>
Net assets		<u>57,895,602</u>	<u>52,525,894</u>
Capital and reserves			
Called up share capital	23	25,000	25,000
Profit and loss account	24	<u>57,870,602</u>	<u>52,500,894</u>
Shareholders funds		<u>57,895,602</u>	<u>52,525,894</u>

The profit for the financial year of the parent company was £5,369,708 (2018: £5,807,905).

These financial statements were approved by the board of directors and authorised for issue on 12 February 2020, and are signed on behalf of the board by:



Alastair M Scott
Director

Company registration number: 01099088

The notes on pages 15 to 28 form part of these financial statements.

Robert Scott & Sons Limited
Consolidated Statement of Cash Flows
Year ended 30 September 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	5,188,708	5,185,142
<i>Adjustments for:</i>		
Depreciation of tangible assets	246,441	259,275
Amortisation of intangible assets	181,000	181,000
Income from other fixed asset investments	(322)	(258)
Other interest receivable and similar income	(1,117,803)	(169,057)
Loss on disposal of tangible assets	1,414	1,920
Tax on profit	1,218,435	1,321,768
Accrued income	(5,910)	(145,447)
<i>Changes in:</i>		
Stocks	336,743	(1,245,029)
Trade and other debtors	(818,752)	16,999
Trade and other creditors	1,322,789	42,342
Cash generated from operations	6,552,743	5,448,655
Interest received	1,117,803	169,057
Tax paid	(1,330,796)	(1,260,769)
Net cash from operating activities	<u>6,339,750</u>	<u>4,356,943</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,120,856)	(246,441)
Proceeds from sale of tangible assets	37,360	42,486
Purchases of other investments	(912,823)	(2,056,396)
Dividends received	322	258
Net cash used in investing activities	<u>(1,995,997)</u>	<u>(2,260,093)</u>
Net increase in cash and cash equivalents	4,343,753	2,096,850
Cash and cash equivalents at beginning of year	<u>10,400,147</u>	<u>8,303,297</u>
Cash and cash equivalents at end of year	<u>14,743,900</u>	<u>10,400,147</u>

The notes on pages 15 to 28 form part of these financial statements.

Robert Scott & Sons Limited

Notes to the Financial Statements

Year ended 30 September 2019

1. General information

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is Oakview Mills, Manchester Road, Greenfield, Oldham OL3 7HG. The principal activity of the company is the manufacture and sale of cleaning products. The registered number of the company is 01099088.

2. Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

Company

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Robert Scott & Sons Limited which can be obtained from its Registered Office. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its estimated useful life. The results of companies acquired are included in the profit and loss account after the date that control passes. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

3. Accounting policies *(continued)*

Judgements 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.

There have been no key assumptions, judgements or other sources of estimation made in the year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

3. Accounting policies *(continued)*

Amortisation

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

Goodwill - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

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

Freehold land and buildings	- 2% straight line (excluding land)
Plant & machinery	- 15% reducing balance
Fixtures & fittings	- 15% reducing balance
Motor vehicles	- 25% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items. Cost includes all costs of purchase, costs of conversion, attributable overheads and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price.

Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors:

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Fixed asset investments are measured at cost less impairment. Current asset investments are measured at fair value, with any changes recognised in profit or loss.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

The company operates a defined contribution pension scheme for employees and directors. The assets of the scheme are held separately from the company. The annual contributions payable are charged to the profit and loss account.

4. Turnover

Turnover arises from:

	2019 £	2018 £
Sale of goods	<u>48,453,451</u>	<u>48,351,152</u>

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2019 £	2018 £
United Kingdom	45,761,107	45,862,518
Overseas	<u>2,692,344</u>	<u>2,488,634</u>
	<u>48,453,451</u>	<u>48,351,152</u>

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019	2018
	£	£
Amortisation of intangible assets	181,000	181,000
Depreciation of tangible assets	246,441	259,275
Loss on disposal of tangible assets	1,414	1,920
Foreign exchange differences	<u>(302,667)</u>	<u>403,691</u>

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	<u>40,000</u>	<u>35,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>16,150</u>	<u>10,610</u>

The other fees relate to preparation of the senior staff payroll and general accountancy advice throughout the year.

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2019	2018
	No.	No.
Production staff	174	171
Administrative staff	46	46
Management staff	8	8
	<u>228</u>	<u>225</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	8,025,793	7,025,775
Social security costs	775,837	693,134
Other pension costs	<u>268,649</u>	<u>260,233</u>
	<u>9,070,279</u>	<u>7,979,142</u>

During the year redundancy payments of £40,994 (2018 - nil) were made.

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	2,534,579	1,826,134
Company contributions to defined contribution pension plans	25,125	23,713
	<u>2,559,704</u>	<u>1,849,847</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019	2018
	No.	No.
Defined contribution plans	<u>4</u>	<u>4</u>

Remuneration of the highest paid director in respect of qualifying services:

	2019	2018
	£	£
Aggregate remuneration	<u>788,533</u>	<u>644,620</u>

9. Income from other fixed asset investments

	2019	2018
	£	£
Income from other fixed asset investments	<u>322</u>	<u>258</u>

10. Other interest receivable and similar income

	2019	2018
	£	£
Interest on cash and cash equivalents	<u>1,117,803</u>	<u>169,057</u>

11. Tax on profit

Major components of tax expense

	2019	2018
	£	£
Current tax:		
UK current tax expense	1,200,733	1,336,092
Deferred tax:		
Origination and reversal of timing differences	<u>17,702</u>	<u>(14,324)</u>
Tax on profit	<u>1,218,435</u>	<u>1,321,768</u>

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit on ordinary activities before taxation	<u>6,407,143</u>	<u>6,506,910</u>
Profit on ordinary activities by rate of tax	1,217,357	1,236,313
Effect of expenses not deductible for tax purposes	55,531	77,096
Effect of capital allowances and depreciation	11,590	(3,165)
Investment income	(100,433)	(22,866)
Amortisation of goodwill	<u>34,390</u>	<u>34,390</u>
Tax on profit	<u>1,218,435</u>	<u>1,321,768</u>

12. Intangible assets

Group	Goodwill £
Cost	
At 1 October 2018 and 30 September 2019	<u>2,621,246</u>
Amortisation	
At 1 October 2018	2,326,246
Charge for the year	<u>181,000</u>
At 30 September 2019	<u>2,507,246</u>
Carrying amount	
At 30 September 2019	<u>114,000</u>
At 30 September 2018	<u>295,000</u>

The company has no intangible assets.

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

13. Tangible assets

Group	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2018	11,884,115	3,600,247	1,322,225	421,939	17,228,526
Additions	873,442	154,922	31,075	61,417	1,120,856
Disposals	—	(5,400)	—	(111,526)	(116,926)
At 30 September 2019	12,757,557	3,749,769	1,353,300	371,830	18,232,456
Depreciation					
At 1 October 2018	1,971,891	2,961,560	920,653	195,701	6,049,805
Charge for the year	—	119,041	64,622	62,778	246,441
Disposals	—	(4,999)	—	(73,153)	(78,152)
At 30 September 2019	1,971,891	3,075,602	985,275	185,326	6,218,094
Carrying amount					
At 30 September 2019	10,785,666	674,167	368,025	186,504	12,014,362
At 30 September 2018	9,912,224	638,687	401,572	226,238	11,178,721
Company					
	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2018	11,884,115	3,800,533	1,257,774	434,935	17,377,357
Additions	873,442	154,922	31,075	61,417	1,120,856
Disposals	—	(5,400)	—	(111,526)	(116,926)
At 30 September 2019	12,757,557	3,950,055	1,288,849	384,826	18,381,287
Depreciation					
At 1 October 2018	1,971,891	3,161,846	858,034	206,865	6,198,636
Charge for the year	—	119,041	64,622	62,778	246,441
Disposals	—	(4,999)	—	(73,153)	(78,152)
At 30 September 2019	1,971,891	3,275,888	922,656	196,490	6,366,925
Carrying amount					
At 30 September 2019	10,785,666	674,167	366,193	188,336	12,014,362
At 30 September 2018	9,912,224	638,687	399,740	228,070	11,178,721

Capital commitments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Contracted for but not provided for in the financial statements	1,347,634	—	1,347,634	—

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

14. Investments

Group			Other investments other than loans £
Cost			
At 1 October 2018 and 30 September 2019			<u>12,875</u>
Impairment			
At 1 October 2018 and 30 September 2019			<u>-</u>
Carrying amount			
At 1 October 2018 and 30 September 2019			<u>12,875</u>
At 30 September 2018			<u>12,875</u>
Company			
	Shares in group undertakings £	Other investments other than loans £	Total £
Cost			
At 1 October 2018 and 30 September 2019	<u>2,486,242</u>	<u>12,875</u>	<u>2,499,117</u>
Impairment			
At 1 October 2018 and 30 September 2019	<u>2,366,241</u>	<u>-</u>	<u>2,366,241</u>
Carrying amount			
At 1 October 2018 and 30 September 2019	<u>120,001</u>	<u>12,875</u>	<u>132,876</u>
At 30 September 2018	<u>120,001</u>	<u>12,875</u>	<u>132,876</u>

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Invescotec Limited	Ordinary	100
Contico Manufacturing Limited *	Ordinary	100
Spraychem Limited **	Ordinary	100
Universal Towel Company Limited	Ordinary	100

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

14. Investments *(continued)*

The results and capital and reserves for group undertakings not included in the consolidated financial statements are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2019	2018	2019	2018
	£	£	£	£
Subsidiary undertakings				
Invescotec Limited	100,000	100,000	—	—
Contico Manufacturing Limited *	222,758	222,758	—	—
Spraychem Limited **	1,000	1,000	—	—
Universal Towel Company Limited	120,000	120,000	—	—

* owned by Invescotec Limited

** owned by Contico Manufacturing Limited

The Registered Office for the subsidiary undertakings is Oakview Mills, Manchester Road, Greenfield, Oldham, OL3 7HG.

All the subsidiaries are included in the consolidation.

15. Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Raw materials and consumables	1,095,787	1,322,474	1,095,787	1,322,474
Work in progress	132,137	73,451	132,137	73,451
Finished goods and goods for resale	10,715,735	10,884,477	10,715,735	10,884,477
	<u>11,943,659</u>	<u>12,280,402</u>	<u>11,943,659</u>	<u>12,280,402</u>

The difference between purchase price of stocks and their replacement cost is not material.

Group and Company - Stock recognised as an expense in the year was £28,437,338 (2018: £27,739,951).

There were no impairments of stock during the year (2018 : £nil).

16. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	10,721,411	9,980,743	10,721,411	9,980,743
Amounts owed by group undertakings	—	—	3,463,731	3,463,731
Prepayments and accrued income	683,718	600,761	683,718	600,761
Other debtors	81,469	86,342	81,469	86,342
	<u>11,486,598</u>	<u>10,667,846</u>	<u>14,950,329</u>	<u>14,131,577</u>

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

17. Investments

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Other investments	<u>16,194,257</u>	<u>15,281,434</u>	<u>16,194,257</u>	<u>15,281,434</u>

The investments are in bonds and listed investments, which are stated at market value.

18. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	2,148,097	1,347,069	2,148,097	1,347,069
Amounts owed to group undertakings	—	—	3,683,731	3,683,731
Accruals and deferred income	2,322,655	2,328,565	2,322,655	2,328,565
Corporation tax	600,660	730,723	600,660	730,723
Social security and other taxes	875,697	1,008,702	875,697	1,008,702
Other creditors	<u>2,241,203</u>	<u>1,586,437</u>	<u>2,241,203</u>	<u>1,586,437</u>
	<u>8,188,312</u>	<u>7,001,496</u>	<u>11,872,043</u>	<u>10,685,227</u>

19. Provisions

Group and company	Deferred tax (note 20) £
At 1 October 2018	194,036
Additions	<u>17,702</u>
At 30 September 2019	<u>211,738</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Included in provisions (note 19)	<u>211,738</u>	<u>194,036</u>	<u>211,738</u>	<u>194,036</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Accelerated capital allowances	<u>211,738</u>	<u>194,036</u>	<u>211,738</u>	<u>194,036</u>

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £268,649 (2018: £260,233).

22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at fair value through profit or loss

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Financial assets measured at fair value through profit or loss	<u>16,194,257</u>	<u>15,281,434</u>	<u>16,194,257</u>	<u>15,281,434</u>

All other financial instruments of the group are basic financial instruments and are measured at the undiscounted amounts.

23. Called up share capital

Authorised share capital

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000.00</u>	<u>25,000</u>	<u>25,000.00</u>

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000.00</u>	<u>25,000</u>	<u>25,000.00</u>

24. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Later than 1 year and not later than 5 years	<u>420,000</u>	<u>600,000</u>	<u>420,000</u>	<u>600,000</u>

Robert Scott & Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

25. Operating leases *(continued)*

Lease payments recognised as an expense in the year were :-

Group and Company - £180,000 (2018 - £144,082).

26. Related party transactions

Group

During the year the group entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2019	2018	2019	2018
	£	£	£	£
Rent	<u>180,000</u>	<u>144,082</u>	<u>—</u>	<u>—</u>

Company

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2019	2018	2019	2018
	£	£	£	£
Rent	<u>180,000</u>	<u>144,082</u>	<u>—</u>	<u>—</u>

Group and company

During the year rent was paid to the company's pension scheme. The rent relates to a property which is owned by the pension scheme and is used for storage by the company. The rent is charged at a commercial rate.

The total remuneration for key management personnel for the period totalled £2,559,704 (2018 - £1,849,847).

27. Controlling party and group details

The company has no ultimate controlling party.

The following companies are included in the consolidated financial statements

Robert Scott & Sons Limited
 Invescotec Limited
 Contico Manufacturing Limited
 Spraychem Limited
 Universal Towel Company Limited