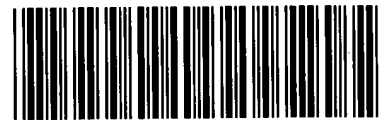


**C.U. PHOSCO LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

WEDNESDAY



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COMPANIES HOUSE

**C.U. PHOSCO LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

C J W Marques  
N D R Marques  
P D Marques  
J L B Marques

**COMPANY SECRETARY**

D Frain

**REGISTERED NUMBER**

08225380

**REGISTERED OFFICE**

Charles House  
Lower Road  
Great Amwell  
Ware  
Hertfordshire  
SG12 9TA

**INDEPENDENT AUDITORS**

Price Bailey LLP  
Chartered Accountants & Statutory Auditors  
Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

## **C.U. PHOSCO LIMITED**

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## C.U. PHOSCO LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Directors present their Report on the Group for the year ended 30th September 2018.

#### Review of the business

The Group is one of the longest established and premier lighting groups in the UK and principle activities are the design and manufacture of exterior lighting luminaires, floodlights, lighting columns and masts. With its roots dating back to 1923 the Group offers a complete package from our head office in Hertfordshire.

#### Results and performance

The results of the Group for the year, as set out on pages 8 to 13 show a profit on ordinary activities before tax of £482,241 (2017: £876,460). The shareholders' funds of the Group total £9.2m (2017: £8.9m).

The performance of the Group during 2017/18 has produced encouraging results, with UK business continuing to be the largest revenue line. The forecasted increase in overseas sales is encouraging following investment in growing this market. Our continued investment in research, development and innovative design ideas has produced a significant improvement in our product offering. The service division of our business has also seen an improvement in levels of new orders following a review of our service offering with the strengthening of our relationships with our customer base. Our export results have continued to maintain their level of sales with future growth predicted for next year.

#### Business Environment

The UK and overseas marketplace are highly competitive, particularly in the construction sectors where a part of our business is focused. Many companies are offering a similar package, giving rise to aggressive pricing structures. The impact of new technologies and economic pressures has been enormous but it is essential we keep abreast of advances in technology and mindful of the contraction in construction, not only in relation to our distribution channels but also in relation to risk management with key large contractors.

#### Strategy

The Group's success is dependent on the proper selection, pricing and ongoing management of the projects we engage in and with the after sales service we provide our customers. In the lighting business, we have continued to consolidate our position. We believe it is important to retain a diversified range of projects, to achieve maximum profitability in this highly competitive market place. In the overseas market sector, we have refocused the alignment of our products with our strong agency network and sales executives which will allow us to enhance our market share and retention levels in this competitive sector.

The Group will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market. We aim to improve efficiency in all areas of our operations through cost reduction; staff development and supply chain management. Service to our customers remains our top priority.

#### Key performance indicators ('KPIs')

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Group by reference to the following KPIs:

	2018	2017	
Net UK Sales	£22,776,197	£21,592,595	Increase within our LED replacement market.
Net Overseas Sales	£3,123,279	£4,333,477	Consolidation in our Middle East sector.
GM %	18%	21%	Maintaining the target we set.
Return on Net Assets	4%	9%	Slight increase on our position.
Liquidity	£752,902	£748,906	Increase in liquidity.
Employee Retention	97.4%	98.9%	Number of employees at the end of the month (based on those in employment at the start of month) averaged over 12 months.

## C.U. PHOSCO LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

Industry peer perception

Industry awards:

HEA luminaire manufacturer of the year 2017.

HEA medium sized contractor of the year 2017.

HEA HEMSA employee of the year 2017.

#### Principle risks and uncertainties

The process of project acceptance is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and credit approval. Compliance with regulation, legal and ethical standards is a high priority for the Group with the sales and finance departments taking an important oversight role in this regard.

The Group has developed a framework for identifying the risks that each business sector, and the Group as a whole, is exposed to and their potential impact on the business. The process is risk based and uses both geo-economic assessments and credit within its overseas sector and market knowledge, customer awareness and principles of credit within its UK segment.

The principal risks from our general business is that of inaccurate project costing, fluctuations in project timings and credit competency of our customers. We strive to ensure we have the financial strength and capital adequacy to support the growth of our business and meet the requirements of our Shareholders. The Directors consider the quality of service and continued strategic planning will enable the business to maintain a strong position.

#### Future Developments

Although the growth of the UK economy remains less than one percentile in the last six months with sustained, be it very small, growth the future prospects will be influenced by developments in the eurozone. The economic environment will continue to evolve at a rapid pace over the next two years with relative stability and certainty extremely difficult to predict.

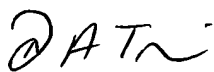
Overall in the coming year we aim to grow our net sales broadly consistently with the growth in this year whilst endeavouring to maintain or margin levels and continue to develop our relationships with all our customers. We plan to review our processes to seek to ensure profitability is maintained in difficult market conditions. This includes gaining a better understanding of our supply chain, component costs, pricing and profit profile to develop a strategy to remain competitive in the market.

The Group is working on an Innovate UK funded research into optical design and rapid prototyping to further develop the efficiencies provide by LED lighting technologies, and we are working with Highways England and other Local Authorities on the creation and delivery of smart lighting structures including EV charging and real-time structural monitoring. Both projects are expected to take a further 12-18 months from the time of writing.

The Group has invested in the protection of its data achieving accreditation in 2017 and achieving GDPR compliance in line with May 2018 deadline.

The Directors are confident that the Group will continue to meet all its future capital requirements and remain confident in the future of our business.

This Report was approved by the Board on 1<sup>st</sup> APRIL 2019 and signed on its behalf.



**D Frain**  
Secretary

## **C.U. PHOSCO LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018**

The Directors present their Report and the financial statements for the year ended 30 September 2018.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £471,017 (2017 - £909,279).

#### **DIRECTORS**

The Directors who served during the year were:

C J W Marques  
N D R Marques  
P D Marques  
J L B Marques

#### **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 and the Group'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 and the Group's Auditors are aware of that information.

**C.U. PHOSCO LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**POST BALANCE SHEET EVENTS**

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

**AUDITORS**

The Auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This Report was approved by the Board on *1<sup>st</sup> APRIL 2019* and signed on its behalf.

*DAT*

**D Frain**  
Secretary

## **C.U. PHOSCO LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF C.U. PHOSCO LIMITED**

#### **OPINION**

We have audited the financial statements of C.U. Phosco Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 September 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company 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 Group's and of the Company's affairs as at 30 September 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the Group 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 Group's or 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.



## **C.U. PHOSCO LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF C.U. PHOSCO LIMITED (CONTINUED)**

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.

#### **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 Group 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 Group 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

## C.U. PHOSCO LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF C.U. PHOSCO 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](http://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.

Gary Miller FCA (Senior Statutory Auditor)

for and on behalf of  
**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

25 April 2019

**C.U. PHOSCO LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME INCORPORATING PROFIT AND LOSS  
ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Note	2018 £	As reclassified 2017 £
Turnover	4	25,899,476	25,926,072
Cost of sales		(21,153,335)	(20,536,918)
<b>GROSS PROFIT</b>		<b>4,746,141</b>	<b>5,389,154</b>
Distribution costs		(1,800,839)	(1,631,976)
Administrative expenses		(2,559,964)	(2,954,565)
Other operating income	5	97,066	97,017
<b>OPERATING PROFIT</b>	6	<b>482,404</b>	<b>899,630</b>
Interest receivable and similar income		5,146	272
Interest payable and expenses		(5,309)	(23,442)
<b>PROFIT BEFORE TAX</b>		<b>482,241</b>	<b>876,460</b>
Tax on profit	10	(11,224)	32,819
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>471,017</b>	<b>909,279</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>471,017</b>	<b>909,279</b>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Parent Company		471,017	909,279
		<b>471,017</b>	<b>909,279</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income incorporating profit and loss account.

The notes on pages 14 to 33 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2018**

The financial statements were approved and authorised for issue by the Board on 1 APRIL 2019 and were signed on its behalf

The notes on pages 14 to 33 form part of these financial statements.

**C.U. PHOSCO LIMITED**  
**REGISTERED NUMBER: 08225380**

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	11	66,703	8,793
Investments	12	2,207,312	2,207,312
Investment property		3,740,492	3,681,075
		<u>6,014,507</u>	<u>5,897,180</u>
<b>CURRENT ASSETS</b>			
Debtors	15	1,601,573	1,875,687
Cash at bank and in hand	16	46,591	56,622
		<u>1,648,164</u>	<u>1,932,309</u>
Creditors: amounts falling due within one year	17	(95,692)	(79,785)
<b>NET CURRENT ASSETS</b>		<u>1,552,472</u>	<u>1,852,524</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,566,979</u>	<u>7,749,704</u>
<b>NET ASSETS</b>		<u><u>7,566,979</u></u>	<u><u>7,749,704</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	6,473,626	6,473,626
Profit and loss account brought forward		1,276,078	1,166,132
Profit for the year		11,483	239,419
Other changes in the profit and loss account		(194,208)	(129,473)
Profit and loss account carried forward		<u>1,093,353</u>	<u>1,276,078</u>
		<u><u>7,566,979</u></u>	<u><u>7,749,704</u></u>

The financial statements were approved and authorised for issue by the Board on 1 APRIL 2019 and were signed on its behalf

**C J W Marques**  
 Director

The notes on pages 14 to 33 form part of these financial statements.

**C.U. PHOSCO LIMITED**

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

	Called up share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
<b>At 1 October 2016</b>	6,473,626	977,910	(5,269,517)	5,951,053	8,133,072
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Profit for the year	-	-	-	909,279	909,279
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	909,279	909,279
Dividends: Equity capital	-	-	-	(129,473)	(129,473)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	-	(129,473)	(129,473)
<b>At 1 October 2017</b>	6,473,626	977,910	(5,269,517)	6,730,859	8,912,878
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Profit for the year	-	-	-	471,017	471,017
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	471,017	471,017
Dividends: Equity capital	-	-	-	(194,208)	(194,208)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	-	(194,208)	(194,208)
<b>AT 30 SEPTEMBER 2018</b>	6,473,626	977,910	(5,269,517)	7,007,668	9,189,687

The notes on pages 14 to 33 form part of these financial statements.

**C.U. PHOSCO LIMITED**

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

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 October 2016</b>	6,473,626	1,166,132	7,639,758
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	239,419	239,419
	-	239,419	239,419
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>			
Dividends: Equity capital	-	(129,473)	(129,473)
	-	(129,473)	(129,473)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>			
<b>At 1 October 2017</b>	6,473,626	1,276,078	7,749,704
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	11,483	11,483
	-	11,483	11,483
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>			
Dividends: Equity capital	-	(194,208)	(194,208)
	-	(194,208)	(194,208)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>			
<b>AT 30 SEPTEMBER 2018</b>	6,473,626	1,093,353	7,566,979

The notes on pages 14 to 33 form part of these financial statements.

**C.U. PHOSCO LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	471,017	909,279
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	443,412	416,004
Interest paid	5,309	23,860
Interest received	(5,146)	(272)
Taxation charge	11,224	(32,819)
(Increase)/decrease in stocks	(876,105)	188,083
Decrease/(increase) in debtors	1,098,118	(1,315,025)
(Increase) in amounts owed by associates	(123,174)	(321,614)
(Decrease)/increase in creditors	(1,540,724)	1,715,820
Increase/(decrease) in amounts owed to associates	-	(95,570)
Increase in provisions	366,991	377,346
Corporation tax (paid)/received	(88,136)	40,763
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>(237,214)</u>	<u>1,905,855</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(387,151)	(602,892)
Interest received	5,146	272
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(382,005)</u>	<u>(602,620)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of finance leases	(6,438)	(6,975)
Dividends paid	(194,208)	(129,473)
Interest paid	(5,309)	(23,860)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(205,955)</u>	<u>(160,308)</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(825,174)</u>	<u>1,142,927</u>
Cash and cash equivalents at beginning of year	748,906	(394,021)
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<u>(76,268)</u>	<u>748,906</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	74,743	748,906
Bank overdrafts	(151,011)	-
	<u>(76,268)</u>	<u>748,906</u>

The notes on pages 14 to 33 form part of these financial statements.



## **C.U. PHOSCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **1. GENERAL INFORMATION**

C.U. Phosco Limited is a private company limited by shares and is incorporated in England and Wales. The registered office is Charles House, Lower Road, Great Amwell, Ware, Hertfordshire, SG12 9TA.

#### **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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group Companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Directors have chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 September 2014.

## **C.U. PHOSCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.3 Revenue**

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

##### **Sale of goods**

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

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group 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.

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### **2.4 Tangible fixed assets**

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

## C.U. PHOSCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.4 Tangible fixed assets (continued)

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	- 1.5% straight line (except land, which is not depreciated)
Plant and machinery	- 10% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 20% 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 Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account.

##### 2.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

##### 2.6 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account..

## **C.U. PHOSCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

### **2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a 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.

### **2.9 Debtors**

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

### **2.10 Cash and cash equivalents**

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

In the Consolidated 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 Group's cash management.

### **2.11 Financial Instruments**

The Group 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.

## **C.U. PHOSCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.11 Financial Instruments (continued)**

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 Consolidated Statement of Comprehensive Income.

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 Group 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.

### **2.12 Creditors**

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

### **2.13 Foreign currency translation**

#### **Functional and presentation currency**

The Group's functional and presentational currency is Pounds Sterling.

#### **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 Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

## **C.U. PHOSCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.14 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income Incorporating 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.

##### **2.15 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.

##### **2.16 Operating leases**

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

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

##### **2.17 Pensions**

###### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account 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 Group in independently administered funds.

##### **2.18 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account using the effective interest method.

##### **2.19 Borrowing Costs**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account in the year in which they are incurred.

## **C.U. PHOSCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account in the year that the Group 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.

##### **2.21 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income Incorporating the Profit and Loss Account, 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

##### **2.22 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

# C.U. PHOSCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

In preparing these financial statements, the Directors have made judgments in calculating the warranty provisions, basing it upon costs that may arise to replace items sold under warranty.

The valuation of the properties is determined annually by the Directors and is supported by professional valuations obtained periodically.

### 4. TURNOVER

Analysis of turnover by country of destination:

	2018 £	As reclassified 2017 £
United Kingdom	22,776,197	21,592,595
Rest of Europe	2,179,185	1,307,072
Rest of the world	944,094	3,026,405
	<u>25,899,476</u>	<u>25,926,072</u>

### 5. OTHER OPERATING INCOME

	2018 £	2017 £
Other operating income	4,129	4,080
Net rents receivable	92,937	92,937
	<u>97,066</u>	<u>97,017</u>

### 6. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	As reclassified 2017 £
Research & development charged as an expense	1,900	7,033
Exchange differences	12,322	10,464
Other operating lease rentals	214,645	207,556
	<u>228,867</u>	<u>225,053</u>



**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**7. AUDITORS' REMUNERATION**

	2018 £	2017 £
Fees payable to the Group's Auditor and its associates for the audit of the Group's annual financial statements	23,500	24,537

**8. EMPLOYEES**

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	6,335,775	5,916,927	162,486	162,850
Social security costs	657,876	614,318	2,949	2,247
Cost of defined contribution scheme	327,094	467,830	51,550	121,550
	<u>7,320,745</u>	<u>6,999,075</u>	<u>216,985</u>	<u>286,647</u>

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

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Administration	27	25	6	6
Production and sales	179	181	-	-
	<u>206</u>	<u>206</u>	<u>6</u>	<u>6</u>

**9. DIRECTORS' REMUNERATION**

	2018 £	2017 £
Directors' emoluments	424,323	491,664
Company contributions to defined contribution pension schemes	117,748	128,654
	<u>542,071</u>	<u>620,318</u>

During the year retirement benefits were accruing to 4 Directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £148,307 (2017 - £150,563).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £47,596 (2017 - £42,629).

**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**10. TAXATION**

	2018 £	2017 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	-	70,566
Adjustments in respect of previous periods	-	(43,007)
<b>TOTAL CURRENT TAX</b>	<u>-</u>	<u>27,559</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	11,224	(60,378)
<b>TOTAL DEFERRED TAX</b>	<u>11,224</u>	<u>(60,378)</u>
<b>TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<u><u>11,224</u></u>	<u><u>(32,819)</u></u>

**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**10. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.5%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	482,241	876,460
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%)	91,626	170,910
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,638	4,669
Capital allowances for year in excess of depreciation	230	-
Utilisation of tax losses	6,577	-
Depreciation on non-qualifying assets	10,660	-
Adjustments to tax charge in respect of prior periods	-	(43,007)
Other timing differences leading to an increase (decrease) in taxation	1,744	12,205
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(107,214)	(93,483)
Capital gains	-	(84,113)
Changes in provisions leading to an increase (decrease) in the tax charge	(1,037)	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>11,224</b>	<b>(32,819)</b>

**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**11. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>					
At 1 October 2017	3,681,075	3,583,785	126,164	1,253,271	8,644,295
Additions	59,415	184,679	-	143,057	387,151
At 30 September 2018	<u>3,740,490</u>	<u>3,768,464</u>	<u>126,164</u>	<u>1,396,328</u>	<u>9,031,446</u>
<b>DEPRECIATION</b>					
At 1 October 2017	164,217	2,506,841	46,695	978,256	3,696,009
Charge for the year on owned assets	56,107	260,440	31,895	94,969	443,411
At 30 September 2018	<u>220,324</u>	<u>2,767,281</u>	<u>78,590</u>	<u>1,073,225</u>	<u>4,139,420</u>
<b>NET BOOK VALUE</b>					
At 30 September 2018	<u>3,520,166</u>	<u>1,001,183</u>	<u>47,574</u>	<u>323,103</u>	<u>4,892,026</u>
At 30 September 2017	<u>3,516,858</u>	<u>1,076,944</u>	<u>79,469</u>	<u>275,015</u>	<u>4,948,286</u>

**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**11. TANGIBLE FIXED ASSETS (CONTINUED)**

**Company**

	Motor vehicles £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>			
At 1 October 2017	17,609	54,361	71,970
Additions	-	61,346	61,346
At 30 September 2018	17,609	115,707	133,316
<b>DEPRECIATION</b>			
At 1 October 2017	17,609	45,568	63,177
Charge for the year on owned assets	-	3,436	3,436
At 30 September 2018	17,609	49,004	66,613
<b>NET BOOK VALUE</b>			
At 30 September 2018	-	66,703	66,703
At 30 September 2017	-	8,793	8,793

**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**12. FIXED ASSET INVESTMENTS**

**Group**

Unlisted  
investments  
£

**COST OR VALUATION**

At 1 October 2017	471,699
At 30 September 2018	<u>471,699</u>

**NET BOOK VALUE**

At 30 September 2018	<u>471,699</u>
At 30 September 2017	<u>471,699</u>

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company and are included in the consolidation. All are incorporated in England and Wales:

Name	Class of shares	Holding	Principal activity
C.U. Lighting Limited	Ordinary	100 %	Manufacturers of lighting structures
C.U. Ware plc	Ordinary	100 %	Dormant company
Phosco Limited	Ordinary	100 %	Dormant company
Concrete Utilities Limited	Ordinary	100 %	Dormant company
C.U. Phosco Lighting Limited	Ordinary	100 %	Dormant company

**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**12. FIXED ASSET INVESTMENTS (CONTINUED)**

The aggregate of the share capital and reserves as at 30 September 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
C.U. Lighting Limited	3,613,839	568,140
C.U. Ware plc	50,151	-
Phosco Limited	1,767	-
Concrete Utilities Limited	(100)	-
C.U. Phosco Lighting Limited	502	-
	<u>3,666,159</u>	<u>568,140</u>

**Company**

	Investments in subsidiary companies £	Unlisted investments £	Total £
<b>COST OR VALUATION</b>			
At 1 October 2017	1,812,272	395,040	2,207,312
At 30 September 2018	<u>1,812,272</u>	<u>395,040</u>	<u>2,207,312</u>
<b>NET BOOK VALUE</b>			
At 30 September 2018	<u>1,812,272</u>	<u>395,040</u>	<u>2,207,312</u>
At 30 September 2017	<u>1,812,272</u>	<u>395,040</u>	<u>2,207,312</u>

**13. INVESTMENT PROPERTY**

	Company Freehold investment property £
<b>VALUATION</b>	
At October 2017	3,681,075
Additions at cost	<u>59,417</u>
<b>AT 30 SEPTEMBER 2018</b>	<u>3,740,492</u>

**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**14. STOCKS**

	Group 2018 £	Group 2017 £
Raw materials and consumables	3,107,585	2,807,461
Finished goods and goods for resale	1,838,442	1,262,461
	<u>4,946,027</u>	<u>4,069,922</u>

Stock recognised in cost of sales during the year as an expense was £21,077,703 (2017 - £20,461,245).

**15. DEBTORS**

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts owed by group undertakings	-	-	653,000	858,000
Trade debtors	3,857,024	5,039,122	27,881	27,757
Amounts owed by group undertakings	-	-	698,267	766,061
Amounts owed by joint ventures and associated undertakings	723,460	600,286	195,375	175,000
Other debtors	105,884	72,533	27,050	47,085
Prepayments and accrued income	247,243	164,585	-	-
Deferred taxation	38,954	50,178	-	1,784
	<u>4,972,565</u>	<u>5,926,704</u>	<u>1,601,573</u>	<u>1,875,687</u>

**16. CASH AND CASH EQUIVALENTS**

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	74,743	748,906	46,591	56,622
Less: bank overdrafts	(151,011)	-	-	-
	<u>(76,268)</u>	<u>748,906</u>	<u>46,591</u>	<u>56,622</u>



**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**17. CREDITORS: Amounts falling due within one year**

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank overdrafts	151,011	-	-	-
Trade creditors	2,563,538	3,541,065	-	-
Amounts owed to group undertakings	-	-	50,151	50,151
Corporation tax	-	56,107	-	-
Other taxation and social security	560,424	707,483	6,786	-
Obligations under finance lease and hire purchase contracts	6,438	6,438	-	-
Other creditors	312,374	259,925	15,521	6,399
Accruals and deferred income	761,970	1,230,556	23,234	23,235
	<u>4,355,755</u>	<u>5,801,574</u>	<u>95,692</u>	<u>79,785</u>

**18. CREDITORS: Amounts falling due after more than one year**

	Group 2018 £	Group 2017 £
Net obligations under finance leases and hire purchase contracts	5,515	11,953
	<u>5,515</u>	<u>11,953</u>

**19. FINANCIAL INSTRUMENTS**

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>FINANCIAL ASSETS</b>				
Financial assets that are debt instruments measured at amortised cost	<u>5,156,151</u>	<u>6,932,546</u>	<u>2,043,204</u>	<u>2,325,565</u>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	<u>(3,742,497)</u>	<u>(5,008,311)</u>	<u>(65,672)</u>	<u>(56,550)</u>

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts owed by group companies, joint ventures, other debtors and cash at bank.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group companies, accruals and other creditors and bank overdrafts.

**C.U. PHOSCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**20. DEFERRED TAXATION**

**Group**

	2018 £	2017 £
At beginning of year	50,178	(10,200)
Charged to profit or loss	(11,224)	60,378
<b>AT END OF YEAR</b>	<u>38,954</u>	<u>50,178</u>

**Company**

	2018 £	2017 £
At beginning of year	1,784	(82,329)
Charged to profit or loss	(1,784)	84,113
<b>AT END OF YEAR</b>	<u>-</u>	<u>1,784</u>

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	(109,313)	(123,507)	-	1,254
Tax losses carried forward	134,625	137,297	-	530
Other short term timing differences	13,642	36,388	-	-
	<u>38,954</u>	<u>50,178</u>	<u>-</u>	<u>1,784</u>

**21. PROVISIONS**

**Group**

	Warranty Provision £
At 1 October 2017	1,439,112
Charged to profit or loss	366,991
<b>AT 30 SEPTEMBER 2018</b>	<u>1,806,103</u>

# C.U. PHOSCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 21. PROVISIONS (CONTINUED)

### 22. SHARE CAPITAL

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
6,473,626 (2017 -6,473,626) Ordinary Shares shares of £1.00 each	6,473,626	6,473,626

### 23. RESERVES

#### Revaluation reserve

This reserve represents the surplus or deficit arising on the revaluation of an asset.

#### Other reserves

This constitutes the adjustment on consolidated reserves resulting from the use of merger accounting method for the purchase of CU Phosco Lighting Limited and Phosco Limited in September 2012.

#### Profit and loss account

Includes all current and prior period retained profits and losses.

### 24. PRIOR YEAR RECLASSIFICATION

Certain comparative figures in the Statement of Financial Position (incorporating the Profit and Loss account) have been reclassified to more accurately reflect the split of expenditure.

### 25. PENSION COMMITMENTS

The Group operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund.

The amount paid to the scheme in the year was £327,094 (2017 - £467,830). £49,984 (2017 - £41,885) was owing to the pension scheme at the year end.

**C.U. PHOSCO LIMITED**

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**26. COMMITMENTS UNDER OPERATING LEASES**

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

	Group 2018 £	Group 2017 £
Not later than 1 year	247,057	232,354
Later than 1 year and not later than 5 years	272,315	374,081
Later than 5 years	-	1,164
	<u>519,372</u>	<u>607,599</u>

**27. RELATED PARTY TRANSACTIONS**

Sales and purchases from related parties were undertaken in the normal course of business with outstanding balances repayable on normal commercial terms. The Group has taken the exemption under FRS 102 (Section 33.1A) not to disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

	Emoluments £	Sales £	Purchases £	Balances owed from/ (Balances owed to) £
<b>2018</b>				
Transactions with key management personnel	1,259,006	-	-	-
Transactions with other related parties	-	170,488	2,388,739	304,190
	<u>1,259,006</u>	<u>170,488</u>	<u>2,388,739</u>	<u>304,190</u>

	Emoluments	Sales	Purchases
<b>2017</b>			
Transactions with key management personnel	1,327,097	-	-
Transactions with other related parties	-	196,534	2,301
	<u>1,327,097</u>	<u>196,534</u>	<u>2,301</u>