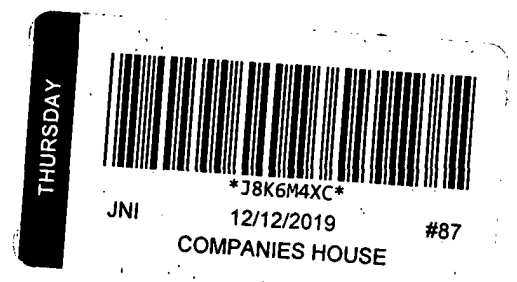


Moffett and Sons Limited
Financial Statements
31 March 2019



Moffett and Sons Limited

Financial Statements

Year ended 31 March 2019

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Moffett and Sons Limited
Officers and Professional Advisers

The board of directors

Mr J L Moffett
Mr A E Moffett
Mr T J Moffett
Mr D D Moffett
Mr P J Moffett
Mr S L Moffett
Mr S Shaw

Company secretary

Mr A J McCusker

Registered office

Seymour Hill Industrial Estate
Seymour Hill Mews
Dunmurry
BT17 9PW

Auditor

Muir & Addy
Chartered accountants & statutory auditor
Muir Building
427 Holywood Road
Belfast
BT4 2LT

Bankers

Ulster Bank Limited
183 Kingsway
Dunmurry
Belfast
BT17 9AH

Moffett and Sons Limited

Strategic Report

Year ended 31 March 2019

BACKGROUND

The principal activity of the company is the manufacture, purchase and wholesale of domestic and contract furniture and bedding products. The company is a privately-owned, family-run business which has been trading since 1946 under the trading name of Balmoral Furniture.

REVIEW OF COMPANY BUSINESS

Moffett and Sons Limited operates within both the contract and domestic furniture markets and has consolidated its position with its existing client base throughout Northern Ireland, Republic of Ireland and Great Britain. This has been achieved by securing new orders and repeat business through furniture retailers and both public and private procurement authorities.

To achieve its aim of becoming one of the leading furniture solutions providers in the United Kingdom and the Republic of Ireland, Moffett and Sons Limited continues to focus on the markets it currently operates in and has identified new markets within its existing sales areas where its unique blend of one stop furniture solutions and unrivalled customer service can provide a gateway to market entry.

RISKS AND UNCERTAINTIES

Moffett and Sons Limited's customer dependence on a few main clients within Northern Ireland, and a flat lining retail furniture market, have been identified as risks, both from a client and a geographical stance. These risks are being addressed as the company seeks additional revenue streams from Great Britain and the Republic of Ireland.

The company is aware that its brand, albeit synonymous with furniture solutions within Northern Ireland, will not be as strong on the wider stage. Therefore, a website revamp and revised company brochures and marketing procedures have been implemented to best promote the company. Considerable emphasis is also being placed on increased brand awareness and the identification of key client personnel to canvas.

COMPANY PERFORMANCE

Turnover during the current year increased to £9,373,172. Although lower margins were obtained on this work carried out, gross profit value was maintained. As a result of increased overheads, profits before tax decreased from £241,705 to £143,411.

Measures which the company had put in place during previous years to maintain and improve product lines and their margins and control company overhead costs continue to be reviewed and monitored. As a result the company envisages that it will continue to be profitable in the future.

Net assets have increased by £105,701 to £4,762,313 as a result of retained post tax profits for the current year.

This report was approved by the board of directors on 28 November 2019 and signed on behalf of the board by:



Mr S Shaw
Director

Registered office:
Seymour Hill Industrial Estate
Seymour Hill Mews
Dunmurry
BT17 9PW

Moffett and Sons Limited

Directors' Report

Year ended 31 March 2019

The directors present their report and the financial statements of the company for the year ended 31 March 2019.

Directors

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

Mr J L Moffett
Mr A E Moffett
Mr T J Moffett
Mr D D Moffett
Mr P J Moffett
Mr S L Moffett
Mr S Shaw
Mr J Moffett (Died 18 May 2018)

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The directors will endeavour to maintain both domestic and contract based sales levels within all sectors.

Financial instruments

Financial risk management objectives and policies

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the statement of income and retained earnings when liabilities are derecognised or impaired, as well as through the amortisation process.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

Currency risk

The company has a Euro bank account to manage exposure to Euro currency risk and forward contracts to manage exposure to US Dollar currency risk.

Disclosure of information in the strategic report

A review of the company's business has been included in the Strategic Report.

Moffett and Sons Limited

Directors' Report *(continued)*

Year ended 31 March 2019

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 company and the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 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 company's auditor is aware of that information.

This report was approved by the board of directors on 28 November 2019 and signed on behalf of the board by:



Mr S Shaw
Director

Registered office:
Seymour Hill Industrial Estate
Seymour Hill Mews
Dunmurry
BT17 9PW

Moffett and Sons Limited

Independent Auditor's Report to the Members of Moffett and Sons Limited

Year ended 31 March 2019



Opinion

We have audited the financial statements of Moffett and Sons Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of income and retained earnings, statement of financial position, 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 company's affairs as at 31 March 2019 and of its 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 company 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 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.

Moffett and Sons Limited

Independent Auditor's Report to the Members of Moffett and Sons Limited (continued)

Year ended 31 March 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Moffett and Sons Limited

Independent Auditor's Report to the Members of Moffett and Sons Limited *(continued)*

Year ended 31 March 2019



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 judgement 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 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 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 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.

Moffett and Sons Limited
Independent Auditor's Report to the Members of
Moffett and Sons Limited *(continued)*

Year ended 31 March 2019



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.

A handwritten signature in black ink, appearing to read 'Colin Wilson'.

Mr Colin Wilson FCA (Senior Statutory Auditor)

For and on behalf of
Muir & Addy
Chartered accountants & statutory auditor
Muir Building
427 Holywood Road
Belfast
BT4 2LT

28 November 2019

Moffett and Sons Limited
Statement of Income and Retained Earnings
Year ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	9,373,172	9,041,515
Cost of sales		(6,712,843)	(6,380,358)
Gross profit		2,660,329	2,661,157
Distribution costs		(541,398)	(530,020)
Administrative expenses		(2,041,343)	(1,947,064)
Other operating income	5	68,034	67,275
Operating profit	6	145,622	251,348
Other interest receivable and similar income	10	2,411	897
Interest payable and similar expenses	11	(4,622)	(10,540)
Profit before taxation		143,411	241,705
Tax on profit	12	(37,710)	(56,310)
Profit for the financial year and total comprehensive income		105,701	185,395
Retained earnings at the start of the year		4,606,612	4,421,217
Retained earnings at the end of the year		4,712,313	4,606,612

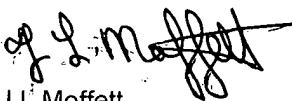
All the activities of the company are from continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

Moffett and Sons Limited
Statement of Financial Position
31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	2,066,517	2,146,723
Current assets			
Stocks	14	1,489,216	1,308,766
Debtors	15	1,651,444	1,775,653
Cash at bank and in hand		1,384,702	1,384,274
		<u>4,525,362</u>	<u>4,468,693</u>
Creditors: amounts falling due within one year	16	1,701,739	1,771,488
Net current assets		<u>2,823,623</u>	<u>2,697,205</u>
Total assets less current liabilities		<u>4,890,140</u>	<u>4,843,928</u>
Creditors: amounts falling due after more than one year	17	36,905	96,852
Provisions			
Taxation including deferred tax	19	90,922	90,464
Net assets		<u>4,762,313</u>	<u>4,656,612</u>
Capital and reserves			
Called up share capital	24	45,175	45,175
Capital redemption reserve	25	4,825	4,825
Profit and loss account	25	4,712,313	4,606,612
Shareholders funds		<u>4,762,313</u>	<u>4,656,612</u>

These financial statements were approved by the board of directors and authorised for issue on 28 November 2019, and are signed on behalf of the board by:


Mr J L Moffett
Director


Mr P J Moffett
Director

Company registration number: NI002032

The notes on pages 12 to 21 form part of these financial statements.

Moffett and Sons Limited

Statement of Cash Flows

Year ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	105,701	185,395
<i>Adjustments for:</i>		
Depreciation of tangible assets	259,594	255,993
Government grant income	(19,032)	(19,250)
Other interest receivable and similar income	(2,411)	(897)
Interest payable and similar expenses	4,622	10,540
(Gains)/loss on disposal of tangible assets	(2,188)	1,775
Tax on profit	37,710	56,310
Accrued (income)/expenses	(35,643)	29,073
<i>Changes in:</i>		
Stocks	(180,450)	161,348
Trade and other debtors	124,209	(82,429)
Trade and other creditors	41,217	(305,347)
Cash generated from operations	333,329	292,511
Interest paid	(4,622)	(10,540)
Interest received	2,411	897
Tax paid	(58,233)	(89,833)
Net cash from operating activities	<u>272,885</u>	<u>193,035</u>
Cash flows from investing activities		
Purchase of tangible assets	(181,200)	(161,269)
Proceeds from sale of tangible assets	4,000	5,450
Net cash used in investing activities	<u>(177,200)</u>	<u>(155,819)</u>
Cash flows from financing activities		
Proceeds from borrowings	(56,901)	(211,224)
Government grant income	19,032	19,250
Payment of finance lease and hire purchase liabilities	(57,388)	(97,654)
Net cash used in financing activities	<u>(95,257)</u>	<u>(289,628)</u>
Net increase/(decrease) in cash and cash equivalents	428	(252,412)
Cash and cash equivalents at beginning of year	<u>1,384,274</u>	<u>1,636,686</u>
Cash and cash equivalents at end of year	<u>1,384,702</u>	<u>1,384,274</u>

The notes on pages 12 to 21 form part of these financial statements.

Moffett and Sons Limited
Notes to the Financial Statements
Year ended 31 March 2019

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Seymour Hill Industrial Estate, Seymour Hill Mews, Dunmurry, BT17 9PW.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

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.

Significant judgements

There are no judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies which they consider to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

Impairment of trade debtors involves an assessment of the recoverability of balances due to the company from customers. Management will consider the customer's ability to pay the debt due, based on information available to them. Some information which could be relevant to their decision, were it available to them, might not be available to them. In addition, the financial performance of the customer might not follow expectations, and may be affected by unforeseen events outside the control of the company or of the customer itself.

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.

Moffett and Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Revenue recognition *(continued)*

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 currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are initially recorded at the rate on the date of the transactions. All differences are taken to the Statement of Income except where they relate to items recorded in other comprehensive income, in which case the differences will also be recognised in other comprehensive income.

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.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

No tangible assets are currently carried at revaluation, and there are no impairment losses recognised in respect of any assets.

Moffett and Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

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:

Land and buildings	-	2% straight line
Plant and machinery	-	20% straight line
Fixtures and fittings	-	20% straight line
Motor vehicles	-	25% reducing balance
Lorries and trailers	-	20% reducing balance

Stocks

All stock is valued at the lower of cost and net realisable value.

The cost of raw materials is computed by reference to the invoiced value of raw materials. The cost of work in progress and finished goods is computed by reference to the invoiced value of raw materials plus conversion costs including labour and normal factory overheads. The cost of bought in finished goods is computed by reference to invoice value.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Moffett and Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

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.

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, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

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.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

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

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Moffett and Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

4. Turnover

Turnover arises from:

	2019 £	2018 £
Sale of goods	<u>9,373,172</u>	<u>9,041,515</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom and Republic of Ireland.

5. Other operating income

	2019 £	2018 £
Management charges receivable	35,400	35,400
Government grant income	19,032	19,250
Discount receivable	13,602	12,625
	<u>68,034</u>	<u>67,275</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019 £	2018 £
Depreciation of tangible assets	259,594	255,993
(Gains)/loss on disposal of tangible assets	<u>(2,188)</u>	<u>1,775</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	<u>13,500</u>	<u>13,500</u>

8. Staff costs

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

	2019 No.	2018 No.
Production staff	54	56
Distribution staff	17	17
Administrative staff	37	37
	<u>108</u>	<u>110</u>

Moffett and Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

8. Staff costs *(continued)*

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

	2019	2018
	£	£
Wages and salaries	2,500,848	2,383,893
Social security costs	211,356	205,441
Other pension costs	229,167	197,120
	<u>2,941,371</u>	<u>2,786,454</u>

9. Directors' remuneration

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

	2019	2018
	£	£
Remuneration	380,516	358,003
Company contributions to defined contribution pension plans	133,000	119,500
	<u>513,516</u>	<u>477,503</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>3</u>

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

	2019	2018
	£	£
Aggregate remuneration	72,125	68,004
Company contributions to defined contribution pension plans	39,000	36,500
	<u>111,125</u>	<u>104,504</u>

10. Other interest receivable and similar income

	2019	2018
	£	£
Interest on cash and cash equivalents	<u>2,411</u>	<u>897</u>

11. Interest payable and similar expenses

	2019	2018
	£	£
Interest on banks loans and overdrafts	3,721	6,421
Interest on obligations under finance leases and hire purchase contracts	901	4,119
	<u>4,622</u>	<u>10,540</u>

Moffett and Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

12. Tax on profit

Major components of tax expense

	2019 £	2018 £
Current tax:		
UK current tax expense	37,252	58,233
Deferred tax:		
Origination and reversal of timing differences	458	(1,923)
Tax on profit	37,710	56,310

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	143,411	241,705
Profit on ordinary activities by rate of tax	27,248	45,924
Expenses not deductible for tax purposes	763	688
Depreciation in excess of capital allowances	12,857	15,279
Amortisation of government grants	(3,616)	(3,658)
Deferred tax charge	458	(1,923)
Tax on profit	37,710	56,310

13. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Lorries and trailers £	Total £
Cost						
At 1 Apr 2018	2,552,289	2,668,009	163,813	103,395	873,518	6,361,024
Additions	–	96,730	–	21,655	62,815	181,200
Disposals	–	–	–	(10,750)	(67,000)	(77,750)
At 31 Mar 2019	2,552,289	2,764,739	163,813	114,300	869,333	6,464,474
Depreciation						
At 1 Apr 2018	1,084,953	2,377,682	144,683	57,936	549,047	4,214,301
Charge for the year	51,046	121,581	4,395	10,389	72,183	259,594
Disposals	–	–	–	(10,750)	(65,188)	(75,938)
At 31 Mar 2019	1,135,999	2,499,263	149,078	57,575	556,042	4,397,957
Carrying amount						
At 31 Mar 2019	1,416,290	265,476	14,735	56,725	313,291	2,066,517
At 31 Mar 2018	1,467,336	290,327	19,130	45,459	324,471	2,146,723

Moffett and Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

14. Stocks

	2019 £	2018 £
Raw materials and consumables	191,834	204,361
Work in progress	267,020	331,941
Finished goods and goods for resale	1,030,362	772,464
	<u>1,489,216</u>	<u>1,308,766</u>

15. Debtors

	2019 £	2018 £
Trade debtors	1,644,127	1,772,305
Other debtors	7,317	3,348
	<u>1,651,444</u>	<u>1,775,653</u>

16. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	59,867	58,367
Trade creditors	522,286	509,851
Accruals and deferred income	411,091	465,766
Corporation tax	37,252	58,233
Social security and other taxes	319,439	265,086
Obligations under finance leases and hire purchase contracts	—	57,388
Director loan accounts	9,229	7,683
Other creditors	342,575	349,114
	<u>1,701,739</u>	<u>1,771,488</u>

17. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans and overdrafts	<u>36,905</u>	<u>96,852</u>

The company is making annual repayments including interest of £63,367 to reduce its bank loan exposure. Interest on bank loans is being charged at 3 Month Libor linked rate plus 3.0%.

All bank loans are wholly repayable within five years.

Bank loans totalling £96,772 (2018 - £155,219) are secured by the company. The Ulster Bank Limited holds as security a first legal charge over property at Seymour Industrial Estate, Dunmurry, Co. Antrim together with an all monies debenture comprising fixed and floating charges over the company's assets both present and future.

Moffett and Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2019	2018
	£	£
Not later than 1 year	<u>—</u>	<u>57,388</u>

19. Provisions

	Deferred tax (note 20)
	£
At 1 April 2018	90,464
Additions	<u>458</u>
At 31 March 2019	<u>90,922</u>

20. Deferred tax

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

	2019	2018
	£	£
Included in provisions (note 19)	<u>90,922</u>	<u>90,464</u>

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

	2019	2018
	£	£
Accelerated capital allowances	<u>90,922</u>	<u>90,464</u>

The net reversal of deferred tax liabilities expected to occur during the year beginning after the reporting period is £29,370, due to depreciation charged on tangible assets exceeding capital allowances available on the same assets.

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £96,167 (2018: £77,620).

Contributions were also paid on behalf of directors amounting to £133,000 (2018 - £119,500).

The total amount recognised as an expense in relation to defined contribution plans for all employees, including directors, was £229,167 (2018 - £197,120).

Moffett and Sons Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2019 £	2018 £
Recognised in creditors:		
Deferred government grants due within one year	<u>22,120</u>	<u>41,152</u>
Recognised in other operating income:		
Government grants recognised directly in income	<u>19,032</u>	<u>19,250</u>

Grants relate to assets and are recognised in income over the expected useful life of the asset.

23. Financial instruments

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

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	<u>1,644,127</u>	<u>1,772,305</u>
Financial liabilities measured at amortised cost		
Bank loans	96,772	155,219
Trade creditors	522,286	509,851
Finance leases and hire purchase contracts	–	57,388
Other creditors	<u>342,575</u>	<u>349,114</u>
	<u>961,633</u>	<u>1,071,572</u>

24. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>45,175</u>	<u>45,175</u>	<u>45,175</u>	<u>45,175</u>

Members have one vote in respect of each share held.

25. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

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

26. Related party transactions

Directors have loaned funds interest-free to the company. The balances due by the company to the directors at the reporting date totalled £9,229 (2018 - £7,683).

Total compensation paid to key management personnel in respect of their services provided to the entity amounted to £513,516 (2018 - £477,503).