

REGISTERED NUMBER: 00946600 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
ESSENTIA PROTEIN SOLUTIONS LIMITED**

CONTENTS OF THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2018

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

ESSENTIA PROTEIN SOLUTIONS LIMITED

COMPANY INFORMATION

for the Year Ended 31 December 2018

DIRECTORS:

V Hald-Christensen
A Jacobsen
R Parnell
G L Whiley
T G Cooke

SECRETARY:

L Clark

REGISTERED OFFICE:

Units 10 + 11 Ramsay Road
Barnfield Industrial Estate
Tipton
West Mids
DY4 9DU

REGISTERED NUMBER:

00946600 (England and Wales)

AUDITORS:

Kay Johnson Gee LLP
1 City Road East
Manchester
Lancashire
M15 4PN

STRATEGIC REPORT

for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

Turnover decreased by £615,669 for the year ended 31 December 2018 to give a total of £14,203,900 compared to £14,819,569 for the previous period. 50% of the decrease is due to a transfer of sales to our sister company and 30% is due to a reduction in Inter Company Beef sales. This has contributed to the increase of the gross margin of 2% year on year as the sales transferred to sister sites were lower margin percentage products. The pre-tax profit for the year is £819,905 - an increase of £27,489 year on year, net margins have been maintained.

The UK market has remained stable year on year. The growth figure for 2019 is budgeted at 7%. The expected sales growth to the Far East and South America did not materialise during the year although we do maintain a presence in these markets and will continue to look for new opportunities and drive business in this area. The Philippines market also contracted due to heavy pricing competition.

Raw material prices decreased 7% over the course of the year and selling prices were therefore maintained at 2017 levels.

In June 2018, The Essentia Group acquired one of their largest competitors. For Essentia this was a major strategic step in strengthening its position as the leading global manufacturer of animal-based protein ingredients. The acquisition will give us increased access to fast growing international protein markets which will be beneficial to all customers.

There have been no events since the balance sheet date which materially affect the position of the Company.

KEY PERFORMANCE INDICATOR

Management use a range of performance measures to monitor and manage the business. The key measures are:

Financial ratios (Sales Growth, Gross Profit Margin, Contribution, Net Profit)

Operations (OEE, Yield, Health & Safety, Product Quality)

Customer relations (Complaints, Delivery OTIF, Quality)

PRINCIPAL RISKS AND UNCERTAINTIES

Raw material price volatility remains a major issue for the business and there is a potential for price changes post Brexit. If leaving the EU with "No deal" or "Hard deal" there is a likelihood of tariffs being introduced, which could affect the pricing of imports and exports. Gross margin on exports may be reduced because of the impact on the currency markets. We have been increasing stocks to mitigate the possible delays at ports.

There is still some competition in the market but with the acquisition of a major player in the protein industry this has diminished. Our ability to offer a wider range of products to customers, not just within the UK, remains of great importance to the overall success of the business.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed, and minimised, by trading within agreed insured credit limits and continually monitoring payments against contractual agreements.

STRATEGIC REPORT

for the Year Ended 31 December 2018

DEVELOPMENT

As part of our ongoing Corporate Social Responsibility to our stakeholders and working closely with the assistance of our local authority, we have invested in new technology in the production facility to reduce odour emissions from the plant to help improve the local environment.

Our commitment to technological advancement has seen us invest in a new/upgraded ERP system. This has facilitated a reduction in manual paper work in the production areas of the plant, improving manufacturing processes and offering a much more efficient traceability system for our products. This has also helped us to maintain an AA grade against Version 7 of the BRC standard. Better visibility of product costing has allowed the business to monitor and manage margins more effectively.

ON BEHALF OF THE BOARD:

T G Cooke - Director

31 May 2019

REPORT OF THE DIRECTORS

for the Year Ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIVIDENDS

A final dividend of £4.00 per share was paid on 31st October 2018 in respect of the year ended 31st December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

V Hald-Christensen

A Jacobsen

R Parnell

G L Whiley

T G Cooke

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

REPORT OF THE DIRECTORS

for the Year Ended 31 December 2018

AUDITORS

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

ON BEHALF OF THE BOARD:

T G Cooke - Director

31 May 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ESSENTIA PROTEIN SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Essentia Protein Solutions Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ESSENTIA PROTEIN SOLUTIONS LIMITED

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 Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page four, 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 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.

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Julian Beressi (Senior Statutory Auditor)
for and on behalf of Kay Johnson Gee LLP
1 City Road East
Manchester
Lancashire
M15 4PN

31 May 2019

ESSENTIA PROTEIN SOLUTIONS LIMITED (REGISTERED NUMBER: 00946600)

STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended 31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
TURNOVER	4		14,203,900		14,819,569
Cost of sales			<u>11,708,665</u>		<u>12,509,028</u>
GROSS PROFIT			2,495,235		2,310,541
Distribution costs		873,329		875,648	
Administrative expenses		<u>785,682</u>		<u>619,427</u>	
			<u>1,659,011</u>		<u>1,495,075</u>
			836,224		815,466
Other operating income			29,533		4,833
OPERATING PROFIT	6		<u>865,757</u>		<u>820,299</u>
Interest receivable and similar income			56		154
			865,813		820,453
Interest payable and similar expenses	7		<u>45,908</u>		<u>28,037</u>
PROFIT BEFORE TAXATION			819,905		792,416
Tax on profit	8		<u>162,759</u>		<u>172,217</u>
PROFIT FOR THE FINANCIAL YEAR			<u><u>657,146</u></u>		<u><u>620,199</u></u>

The notes form part of these financial statements

ESSENTIA PROTEIN SOLUTIONS LIMITED (REGISTERED NUMBER: 00946600)

STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
FIXED ASSETS					
Tangible assets	10		2,034,501		1,927,089
CURRENT ASSETS					
Stocks	11	2,205,428		2,038,365	
Debtors	12	2,210,267		2,546,457	
Cash in hand		<u>267</u>		<u>148</u>	
		4,415,962		4,584,970	
CREDITORS					
Amounts falling due within one year	13	<u>4,734,549</u>		<u>3,468,183</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(318,587)</u>		<u>1,116,787</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,715,914		3,043,876
PROVISIONS FOR LIABILITIES	15		<u>58,286</u>		<u>43,394</u>
NET ASSETS			<u>1,657,628</u>		<u>3,000,482</u>
CAPITAL AND RESERVES					
Called up share capital	16		500,000		500,000
Retained earnings			<u>1,157,628</u>		<u>2,500,482</u>
SHAREHOLDERS' FUNDS			<u>1,657,628</u>		<u>3,000,482</u>

The financial statements were approved and authorised for issue by the Board of Directors on 31 May 2019 and were signed on its behalf by:

T G Cooke - Director

STATEMENT OF CHANGES IN EQUITY

for the Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	500,000	3,080,283	3,580,283
Changes in equity			
Profit for the year	-	620,199	620,199
Total comprehensive income	-	620,199	620,199
Dividends	-	(1,200,000)	(1,200,000)
Balance at 31 December 2017	500,000	2,500,482	3,000,482
Changes in equity			
Profit for the year	-	657,146	657,146
Total comprehensive income	-	657,146	657,146
Dividends	-	(2,000,000)	(2,000,000)
Balance at 31 December 2018	500,000	1,157,628	1,657,628

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2018

1. STATUTORY INFORMATION

Essentia Protein Solutions Limited is a private company limited by share capital, incorporated in England and Wales, registration number 00946600. The address of the registered office and principal place of business is Units 10 & 11 Ramsay Road, Barnfield Industrial Estate, Tipton, West Midlands, DY4 9D.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The company was incorporated in the United Kingdom.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of LGI Denmark ApS as at 31 December 2018 and these financial statements may be obtained from 33 Ulsnaes - DK 6300 Grasten, Denmark.

Revenue

Revenue represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Revenue is recognised when goods are shipped to the customer.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

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

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold property	-	6% per annum
Long-term leasehold property	-	over the term of the lease
Plant and machinery	-	12.5% - 33% per annum

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 within "other operating income" in the Statement of Income and Retained Earnings.

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 Statement of Comprehensive Income.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 31 December 2018

2. **ACCOUNTING POLICIES - continued**

Current and deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Operating leases: lessee

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company pension scheme are charge to the Statement of Comprehensive Income in the period to which they relate.

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.

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.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognitions of financial assets and liabilities like trade and other receivable and payables, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Creditors

Short terms 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 31 December 2018

2. **ACCOUNTING POLICIES - continued**

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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Interest Income

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

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charge to the provision carried in the Statement of Financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 31 December 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

There are currently the following types of provisions:

Leases

Determine whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Impairment

Determine whether there are indicators of impairment of the group's tangible assets, including fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Depreciation

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the net assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.18	31.12.17
	£	£
United Kingdom	10,944,993	11,082,168
Europe	3,104,037	3,276,928
Rest of World	154,870	460,473
	<u>14,203,900</u>	<u>14,819,569</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 31 December 2018

5. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	1,738,340	1,660,489
Social security costs	191,668	154,963
Pension costs	154,158	116,632
	<u>2,084,166</u>	<u>1,932,084</u>

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

	2018	2017
	No	No
Management and administration	11	11
Sales	3	3
Manufacturing	42	41
	<u>56</u>	<u>55</u>

	31.12.18	31.12.17
	£	£
Directors' remuneration	246,189	216,455
Directors' pension contributions to money purchase schemes	<u>17,399</u>	<u>14,711</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	31.12.18	31.12.17
	£	£
Emoluments etc	147,601	127,104
Pension contributions to money purchase schemes	<u>11,512</u>	<u>11,108</u>

6. OPERATING PROFIT

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

	31.12.18	31.12.17
	£	£
Hire of plant and machinery	62,081	45,492
Operating lease income	(29,533)	(4,833)
Depreciation - owned assets	279,671	271,332
Loss on disposal of fixed assets	4,941	23
Audit fees	11,225	10,350
Foreign exchange differences	<u>(12,066)</u>	<u>(24,557)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 31 December 2018

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.18	31.12.17
	£	£
Bank interest	41,274	24,964
Other interest paid	2,823	926
Interest on overdue tax paid	-	195
Bank charges	1,811	1,952
	<u>45,908</u>	<u>28,037</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.18	31.12.17
	£	£
Current tax:		
UK corporation tax	158,583	161,609
Corporation tax prior years	(10,716)	11,376
Total current tax	<u>147,867</u>	<u>172,985</u>
Deferred tax	14,892	(768)
Tax on profit	<u>162,759</u>	<u>172,217</u>

UK corporation tax has been charged at 19% (2017 - 19.25%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.18	31.12.17
	£	£
Profit before tax	<u>819,905</u>	<u>792,416</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	155,782	152,540
Effects of:		
Expenses not deductible for tax purposes	1,708	1,621
Depreciation in excess of capital allowances	1,093	7,448
Adjustments to tax charge in respect of previous periods	(10,716)	11,376
Deferred tax adjustment	14,892	(768)
Total tax charge	<u>162,759</u>	<u>172,217</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 31 December 2018

9. DIVIDENDS

	31.12.18 £	31.12.17 £
Ordinary share capital shares of £1 each		
Final	<u>2,000,000</u>	<u>1,200,000</u>

10. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Plant and machinery £	Totals £
COST				
At 1 January 2018	2,717,910	117,544	5,433,855	8,269,309
Additions	2,950	-	391,824	394,774
Disposals	-	-	(190,822)	(190,822)
At 31 December 2018	<u>2,720,860</u>	<u>117,544</u>	<u>5,634,857</u>	<u>8,473,261</u>
DEPRECIATION				
At 1 January 2018	1,421,274	117,544	4,803,402	6,342,220
Charge for year	115,950	-	163,721	279,671
Eliminated on disposal	-	-	(183,131)	(183,131)
At 31 December 2018	<u>1,537,224</u>	<u>117,544</u>	<u>4,783,992</u>	<u>6,438,760</u>
NET BOOK VALUE				
At 31 December 2018	<u>1,183,636</u>	<u>-</u>	<u>850,865</u>	<u>2,034,501</u>
At 31 December 2017	<u>1,296,636</u>	<u>-</u>	<u>630,453</u>	<u>1,927,089</u>

Included in cost of land and buildings is freehold land of £ 206,035 (2017 - £ 206,035) which is not depreciated.

11. STOCKS

	31.12.18 £	31.12.17 £
Raw materials	114,780	208,506
Finished goods	<u>2,090,648</u>	<u>1,829,859</u>
	<u>2,205,428</u>	<u>2,038,365</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18 £	31.12.17 £
Trade debtors	1,860,522	2,240,114
Amounts owed by group undertakings	233,236	234,115
Other debtors	33,183	23,104
Prepayments and accrued income	<u>83,326</u>	<u>49,124</u>
	<u>2,210,267</u>	<u>2,546,457</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 31 December 2018

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Trade creditors	311,213	440,810
Amounts owed to group undertakings	4,031,054	2,670,570
Tax	85,908	73,602
Social security and other taxes	49,780	46,243
Accrued expenses	256,594	236,958
	<u>4,734,549</u>	<u>3,468,183</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.18	31.12.17
	£	£
Within one year	80,567	5,620
Between one and five years	<u>143,155</u>	<u>134,342</u>
	<u>223,722</u>	<u>139,962</u>

15. PROVISIONS FOR LIABILITIES

	31.12.18	31.12.17
	£	£
Deferred tax	<u>58,286</u>	<u>43,394</u>
		Deferred tax
		£
Balance at 1 January 2018		43,394
Charge to Statement of Comprehensive Income during year		<u>14,892</u>
Balance at 31 December 2018		<u>58,286</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.18	31.12.17
Number:	Class:	Nominal value:	£	£
500,000	Ordinary share capital	£1	<u>500,000</u>	<u>500,000</u>

17. PENSION COMMITMENTS

The company contributed to a stakeholder pension scheme available to all staff during the period. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £154,158 (2017 - £116,632). Contributions amounting to £1,754 (2017 - £1,665), were payable to the fund and are included in creditors.

NOTES TO THE FINANCIAL STATEMENTS - continued

for the Year Ended 31 December 2018

18. CONTINGENT LIABILITIES

The company has guaranteed bank borrowings of fellow group members. At the year end liabilities covered by these guarantees totalled £8,066,177 (2017 - £1,651,694).

19. CAPITAL COMMITMENTS

	31.12.18	31.12.17
	£	£
Contracted but not provided for in the financial statements	<u>74,037</u>	<u>241,321</u>

20. RELATED PARTY TRANSACTIONS

The company has been an wholly owned subsidiary of LGI Denmark ApS for this and the proceeding year and has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures", not to disclose transactions with LGI DENmark ApS or other wholly owned subsidiaries within the group.

Key management personnel include all directors and a number of senior managers across the company who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £433,450 (2017 - £393,518).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.