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# Financial Statements

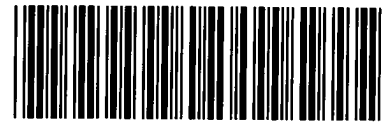
## La Hacienda Limited

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For the year ended 30 September 2018

Registered number: 04290723

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COMPANIES HOUSE

## Company Information

<b>Directors</b>	S A Hupfeld R F Mehmel D E McGrath (Resigned on 3 June 2019) B G Harris (Appointed on 9 April 2018) M Traylor (Resigned on 15 March 2018) A N Harker (Appointed 3 June 2019)
<b>Company secretary</b>	D E McGrath (Resigned on 3 June 2019) A Harker (Appointed on 3 June 2019)
<b>Registered number</b>	04290723
<b>Registered office</b>	Hanger 27, Site C Aston Down Airfield Stroud Gloucestershire GL6 8HR
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 2 Glass Wharf Bristol BS2 0EL

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La Hacienda Limited

# Strategic Report

For the year ended 30 September 2018

## Introduction

The Directors present the strategic report for the year ended 30 September 2018.

## Business review

The Directors are pleased with the Company's performance during the year ended 30 September 2018. The Company's sales revenues and operating profit remain strong.

The Company continued to invest in product development and people.

## Principal risks and uncertainties

The Company's business may be affected by fluctuations in the price and supply of materials, particularly fluctuations in the GBP against the USD. The Company's sales and pricing policies seek to mitigate such risks where possible.

Some of the retail customers review product ranging on an annual basis leading into the next season. This presents uncertainties with regards to confirmed ranging year on year. The Company's strong relationship with customers and innovative product minimises this risk.

## Financial key performance indicators

The Company's main key performance indicators are Gross Margin percent 23.9% (2017: 23.9%) and Operating Profit percent 7.4% (2017: 11.2%).

This report was approved by the board on 25 June 2019 and signed on its behalf.



**Antony Harker**  
Director

## 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 Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Results and dividends

The profit for the year, after taxation, amounted to £869,351 (2017: 1,289,656).

### Directors

The directors who served during the year were:

S A Hupfeld  
R F Mehmel  
B G Harris (Appointed on 9 April 2018)  
A Harker (Appointed on 3 June 2019)  
M Traylor (Resigned on 15 March 2018)  
D E McGrath (Resigned on 3 June 2019)

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

La Hacienda Limited

## Directors' Report

For the year ended 30 September 2018

### **Post balance sheet events**

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

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 June 2019 and signed on its behalf.



**Antony Harker**  
Director



## Independent Auditor's Report to the members of La Hacienda Limited (continued)

### **Opinion**

We have audited the financial statements of La Hacienda Limited (the 'company') for the year ended 30 September 2018, which comprise the statement of comprehensive income, the statement of financial position, the 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 30 September 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 '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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material 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.



## Independent Auditor's Report to the members of La Hacienda Limited (continued)

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.

### **Matter on which we are required to report under the Companies Act 2006**

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.

### **Matters on which we are required to report by exception**

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 for the financial statements**

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.

### **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.





## Independent Auditor's Report to the members of La Hacienda Limited (continued)

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 auditor's 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 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 "Tim Lincoln".

Tim Lincoln  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Bristol

Date:

26 June 2019

## Statement of Comprehensive Income

For the year ended 30 September 2018

		30 September 2018 £	11 month period ended 30 September 2017 £
Turnover	4	15,737,180	15,020,000
Cost of sales		(11,981,661)	(11,436,665)
<b>Gross profit</b>		<u>3,755,519</u>	<u>3,583,335</u>
Administrative expenses		(2,597,349)	(1,902,431)
<b>Operating profit</b>	5	<u>1,158,170</u>	<u>1,680,904</u>
Interest receivable and similar income	9	3,724	616
Interest payable and expenses	10	(30)	(704)
<b>Profit before tax</b>		<u>1,161,864</u>	<u>1,680,816</u>
Tax on profit	11	(292,513)	(391,160)
<b>Profit for the financial year</b>		<u><u>869,351</u></u>	<u><u>1,289,656</u></u>

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 10 to 24 form part of these financial statements.

## Statement of Financial Position

As at 30 September 2018

	Note	30 September 2018 £	30 September 2017 £
<b>Fixed assets</b>			
Tangible assets	13	83,080	77,475
		<u>83,080</u>	<u>77,475</u>
<b>Current assets</b>			
Stocks	14	3,552,485	1,992,036
Debtors: amounts falling due within one year	15	1,961,716	1,289,267
Cash at bank and in hand	16	246,577	2,222,244
		<u>5,760,778</u>	<u>5,503,547</u>
Creditors: amounts falling due within one year	17	(1,154,714)	(1,757,629)
<b>Net current assets</b>		<u>4,606,064</u>	<u>3,745,918</u>
<b>Total assets less current liabilities</b>		<u>4,689,144</u>	<u>3,823,393</u>
<b>Provisions for liabilities</b>			
Deferred tax	19	(10,000)	(13,600)
		<u>4,679,144</u>	<u>3,809,793</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	20	102	102
Profit and loss account	21	4,679,042	3,809,691
		<u>4,679,144</u>	<u>3,809,793</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 10 to 24 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2019.



**Antony Harker**  
Director

## Statement of Changes in Equity

For the year ended 30 September 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2016	102	2,620,035	2,620,137
<b>Comprehensive income for the 11 months</b>			
Profit for the 11 months	-	1,289,656	1,289,656
<b>Total comprehensive income for the 11 months</b>	-	1,289,656	1,289,656
Dividends: Equity capital	-	(100,000)	(100,000)
<b>Total transactions with owners</b>	-	(100,000)	(100,000)
<b>At 1 October 2017</b>	<b>102</b>	<b>3,809,691</b>	<b>3,809,793</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	869,351	869,351
<b>Total comprehensive income for the year</b>	-	869,351	869,351
Dividends: Equity capital	-	-	-
<b>Total transactions with owners</b>	-	-	-
<b>At 30 September 2018</b>	<b>102</b>	<b>4,679,042</b>	<b>4,679,144</b>

The notes on pages 10 to 24 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 30 September 2018

## 1. General information

La Hacienda Limited is a private company limited by shares and registered in England and Wales. Its registered head office is located at Hangar 27 Site C, Aston Down Airfield, Stroud, Gloucester, GL6 8HR.

The principal activity of the company during the period was the wholesale of outdoor heating and decor.

In the comparative period, La Hacienda Limited was acquired by The Ames Companies UK Limited. The comparative period financial statements have been prepared for the 11 month period ending 30 September 2017 to bring the reporting period in line with the new parent company.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, except for certain financial instruments at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### 2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Ames Companies UK Limited as at 30 September 2018 and these financial statements may be obtained from Hangar 27 Site C, Aston Down Airfield, Stroud, Gloucester, GL6 8HR.

### 2.3 Going concern

The directors have reviewed the profit and loss and cash flow forecasts of the Company. As a result, the directors consider that the Company has adequate resources to continue operations for the foreseeable future, being a period of not less than twelve months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## Notes to the Financial Statements

For the year ended 30 September 2018

### 2. Accounting policies (continued)

#### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.5 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.

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 and reducing balance method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 10% straight line
Plant and machinery	- 25-33% reducing balance
Motor vehicles	- 25% reducing balance
Office equipment	- 25% reducing balance
Computer equipment	- 25-33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

#### 2.6 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 weighted average basis.

At each reporting 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.

## Notes to the Financial Statements

For the year ended 30 September 2018

### 2. Accounting policies (continued)

#### 2.7 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.

#### 2.8 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.

#### 2.9 Financial instruments

The Company enters into basic and non-basic financial instruments 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, investments in non-puttable ordinary shares and forward exchange contracts.

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 case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

Derivatives comprise forward foreign exchange contracts and are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in

## Notes to the Financial Statements

For the year ended 30 September 2018

### 2. Accounting policies (continued)

#### 2.9 Financial instruments (continued)

profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

#### 2.10 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.

#### 2.11 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

#### 2.12 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.

#### 2.13 Operating leases: the Company as lessee

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



## Notes to the Financial Statements

For the year ended 30 September 2018

### 2. Accounting policies (continued)

#### 2.14 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

#### 2.16 Interest income

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

#### 2.17 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the 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 charged to the provision carried in the Statement of financial position.

## Notes to the Financial Statements

For the year ended 30 September 2018

### 2. Accounting policies (continued)

#### 2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- 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 company 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.

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing financial statements in accordance with FRS 102, management is required to make judgments on the basis of estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date.

Management reviews the estimates and assumptions on a continuous basis, by reference to past experiences and other factors that can reasonably be used to assess the book value of assets and liabilities. Actual results may differ from those estimates.

Judgments and estimates that have the most significant impact on the amounts reported in these financial statements and have a risk of causing a material adjustments to the carrying amount of assets and liabilities are outlined below:

- Useful lives of tangible assets - management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.
- Inventory provision - management reviews its stock listing to identify potentially obsolete stock.
- Warranty, credit note and bad debt provision - management identifies potential provisions based on past experience with warranty and credit note claims as well as customer knowledge.

## Notes to the Financial Statements

For the year ended 30 September 2018

### 4. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	Year ended 30 September 2018 £	11 month period ended 30 September 2017 £
United Kingdom	13,371,934	12,735,352
Rest of the world	793,464	2,284,648
Europe	1,571,782	-
	<u>15,737,180</u>	<u>15,020,000</u>

### 5. Operating profit

The operating profit is stated after charging:

	Year ended 30 September 2018 £	11 month period ended 30 September 2017 £
Depreciation of tangible fixed assets	34,866	22,721
Exchange differences loss / (gain)	(116,646)	35,438
Operating lease rentals	196,568	151,318
Defined contribution pension cost	12,591	84,172

### 6. Auditor's remuneration

**Fees payable to the Company's auditor and its associates in respect of:**

Audit services	<u>18,500</u>	<u>26,500</u>
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## Notes to the Financial Statements

For the year ended 30 September 2018

### 7. Staff Number and Cost

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Year ended 30 September 2018	11 month period ended 30 September 2017
	£	£
Production	17	17
Admin	28	28
	<u>45</u>	<u>45</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 30 September 2018	11 month period ended 30 September 2017
	£	£
Wages and salaries	1,009,420	964,897
Social security costs	202,480	85,239
Cost of defined contribution scheme	12,591	93,118
	<u>1,224,491</u>	<u>1,143,254</u>

### 8. Directors' remuneration

	Year ended 30 September 2018	11 month period ended 30 September 2017
	£	£
Directors' emoluments	-	26,395
Company contributions to defined contribution pension schemes	-	60,000
	<u>-</u>	<u>86,395</u>

As a result of the acquisition by The Ames Companies UK Limited as at 31 July 2017, Directors are now paid by the parent company or related party companies. During the year retirement benefits were not accruing to any directors (2017 -2) in respect of defined contribution pension schemes.

## Notes to the Financial Statements

For the year ended 30 September 2018

### 9. Interest receivable

	Year ended 30 September 2018 £	11 month period ended 30 September 2017 £
Other interest receivable	<u>3,724</u>	<u>616</u>

### 10. Interest payable and similar charges

	Year ended 30 September 2018 £	11 month period ended 30 September 2017 £
Bank interest payable	<u>30</u>	<u>704</u>

### 11. Taxation

	Year ended 30 September 2018 £	11 month period ended 30 September 2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	222,655	391,160
Adjustments in respect of prior periods	73,458	
<b>Total current tax</b>	<u>296,113</u>	<u>391,160</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(517)	-
Change in tax rate	(3,083)	
<b>Total deferred tax</b>	<u>(3,600)</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>292,513</u>	<u>391,160</u>

## Notes to the Financial Statements

For the year ended 30 September 2018

### 11. Taxation (continued)

#### Factors affecting tax charge for the 11 months/year

The tax assessed for the year / 11 months is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	Year ended 30 September 2018 £	11 month period ended 30 September 2017 £
Profit on ordinary activities before tax	<u>1,161,864</u>	<u>1,680,816</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	220,754	319,355
<b>Effects of:</b>		
Non-tax deductible expenses		71,805
Under / (over) provided in prior years	70,375	-
Effect of change in corporation tax rate	1,384	-
<b>Total tax charge for the year / 11 months</b>	<u>292,513</u>	<u>391,160</u>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

### 12. Dividends

	30 September 2018 £	30 September 2017 £
Dividends paid	<u>-</u>	<u>100,000</u>

## Notes to the Financial Statements

For the year ended 30 September 2018

### 13. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>						
At 1 October 2017	12,052	198,333	5,400	52,166	60,294	328,245
Additions	-	12,905	14,473		11,748	39,126
Disposals	-	(29,214)			(18,325)	(47,539)
At 30 September 2018	<u>12,052</u>	<u>182,024</u>	<u>19,873</u>	<u>52,166</u>	<u>53,717</u>	<u>319,832</u>
<b>Depreciation</b>						
At 1 October 2017	12,052	139,194	4,983	40,861	53,680	250,770
Opening adjustment		(7,654)	417	6,726	(834)	(1,345)
Charge for the year	-	24,185	965	3,210	6,506	34,866
Disposals	-	(29,214)			(18,325)	(47,539)
At 30 September 2018	<u>12,052</u>	<u>126,511</u>	<u>6,365</u>	<u>50,797</u>	<u>41,027</u>	<u>236,752</u>
<b>Net book value</b>						
At 30 September 2018	<u>-</u>	<u>55,513</u>	<u>13,508</u>	<u>1,369</u>	<u>12,690</u>	<u>83,080</u>
At 30 September 2017	<u>-</u>	<u>59,139</u>	<u>417</u>	<u>11,305</u>	<u>6,614</u>	<u>77,475</u>

### 14. Stocks

	30 September 2018 £	30 September 2017 £
Finished goods and goods for resale	<u>3,552,485</u>	<u>1,992,036</u>

## Notes to the Financial Statements

For the year ended 30 September 2018

### 15. Debtors

	30 September 2018 £	30 September 2017 £
Trade debtors	1,670,602	1,093,800
Other debtors	101,088	81,453
Prepayments and accrued income	190,026	114,014
	<u>1,961,716</u>	<u>1,289,267</u>

### 16. Cash and cash equivalents

	30 September 2018 £	30 September 2017 £
Cash at bank and in hand	<u>246,577</u>	<u>2,222,244</u>

### 17. Creditors: Amounts falling due within one year

	30 September 2018 £	30 September 2017 £
Trade creditors	293,777	380,948
Amounts owed to group undertakings	-	480,956
Corporation tax	222,655	391,160
Other taxation and social security	-	35,212
Other creditors	37,475	3,111
Accruals and deferred income	600,807	460,156
Financial instruments	-	6,086
	<u>1,154,714</u>	<u>1,757,629</u>



## Notes to the Financial Statements

For the year ended 30 September 2018

### 18. Financial instruments

	30 September 2018 £	30 September 2017 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	2,018,267	3,397,497
	<u>2,018,267</u>	<u>3,397,497</u>
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	-	(6,086)
Financial liabilities measured at amortised cost	(932,059)	(1,325,171)
	<u>(932,059)</u>	<u>(1,331,257)</u>

Financial liabilities measured at fair value through profit or loss comprise derivative instruments.

### 19. Deferred taxation

The provision for deferred taxation is made up as follows:

	30 September 2018 £	30 September 2017 £
Accelerated capital allowances	(10,000)	(13,600)
	<u>(10,000)</u>	<u>(13,600)</u>

## Notes to the Financial Statements

For the year ended 30 September 2018

### 20. Share capital

	30 September 2018 £	30 September 2017 £
Shares classified as equity		
Allotted, called up and fully paid		
100- Ordinary shares of £1 each	100	100
2- Ordinary B shares of £1 each	2	2
	<u>102</u>	<u>102</u>

The Ordinary shares and the Ordinary B shares rank pari passu in all respects except that the Ordinary B shares shall have no rights of voting but shall constitute separate classes of shares.

### 21. Reserves

#### Profit and loss account

Includes all recognised residual profits and losses less any dividends paid or declared before the year end.

### 22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £12,591 (2017: £84,172). Contributions totalling £4,748 (2017: £2,350) were payable to the fund at the reporting date.

### 23. Commitments under operating leases

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

	30 September 2018 £	30 September 2017 £
Not later than 1 year	153,723	139,995
Later than 1 year and not later than 5 years	531,480	521,900
Later than 5 years	0	5,105
	<u>685,203</u>	<u>667,000</u>

## Notes to the Financial Statements

For the year ended 30 September 2018

### **24. Related party transactions**

During the year, the Company received recharges or expenses relating to insurance, interest and tax work amounting to £228,952 (2017: £NIL) from its intermediate parent, The Ames Companies Inc.

During the year, the Company made purchases amounting to £2,930 (2017: £10,703) from Ames Australasia Pty Limited, a fellow subsidiary of La Hacienda's ultimate controlling party.

In the prior year, The Ames Companies UK Limited, the parent company, advanced a loan of £480,956 to La Hacienda Limited. The full balance has been repaid in full as at 30 September 2018 (2017: £480,956).

### **25. Controlling party**

On 31 July 2017, the shares in La Hacienda Limited were acquired by The Ames Companies UK Limited. The immediate parent company of La Hacienda Limited by virtue of a 100% shareholding is The Ames Companies UK Limited. The ultimate controlling party is Griffon Corporation. The smallest group of undertakings for which group accounts have been drawn up is that headed by The Ames Companies UK Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Griffon Corporation