

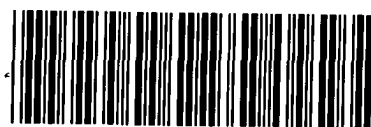
Registered number: 00284448

SUTTONS CONSUMER PRODUCTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

TUESDAY



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COMPANIES HOUSE

SUTTONS CONSUMER PRODUCTS LIMITED

COMPANY INFORMATION

Directors	D C Robinson R W Roberts
Registered number	00284448
Registered office	Woodview Road Paignton Devon TQ4 7NG
Independent auditors	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

SUTTONS CONSUMER PRODUCTS LIMITED

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SUTTONS CONSUMER PRODUCTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2018

Introduction

Principal activities

Suttons is a multi-channel business providing seeds, plants, bulbs, gardening equipment, outdoor furniture, beekeeping and wildlife related products and gifts via websites, catalogues and other direct to consumer channels.

Additionally, seeds and plants are supplied on a wholesale basis to retail outlets and the provision of fulfilment services to charities along with the newly acquired Present Finder business, provide an additional income stream whilst contributing to Sutton's fixed costs during the traditionally quiet second quarter up to Christmas.

Business review

The Directors' and staff of Suttons aim to share their passion for horticulture and the natural world with their customers, supplying quality 'gardener favourites' at competitive prices whilst also introducing new, innovative and exciting, quality products to the market.

This year has been a pivotal transition year in the long history of Suttons. Continuing investments in personnel, systems and infrastructure have started to deliver the forecast increases in core business revenues, whilst two further company acquisitions broadened the range of products and brands and delivered additional growth to customer databases and sales.

The one-off costs of acquiring these new businesses have been absorbed within this financial year, whilst other additional costs will be scaled back over the following two financial years as the businesses become fully integrated.

The cost of 'split deliveries' in the first half of the year was higher than usual as new supplier relationships were formed. These, plus the growing sales of larger format plants reduced overall margins but provided sales growth and helped to increase the size of the customer database which will deliver additional, profitable sales in subsequent years.

Awareness of climate change; pollution, particularly that generated through plastic waste; and the rapid, and accelerating decline of the numbers and diversity of plants and animals, especially insects, is growing. The Directors' of Suttons are passionately committed to continually improving the sustainability of their business and helping consumers to improve their own gardens and localities.

The acquisitions of the Organic catalogue and National Bee Supplies help position the business to take advantage of the growing desire of consumers to act ethically with new relationships forged with the Garden Organic and British Beekeeping Association charities helping improve our sustainability with over 95% of the plants supplied now being grown according to organic principles.

The 12 months to 31 July 2018 produced a loss before tax of £203,124 (31 July 2017 £225,451 profit). The overall Group position showed an EBITDA of £356,497, a reduction of just £134,445 from the previous year's £490,942. The Directors are very pleased with this result in such a challenging transition year. The focus of the existing marketing and buying teams on the National Bee Supplies business has started to deliver extremely strong year on year growth and it is anticipated that this will continue through the coming years. Over the past 18 months the Directors' have invested over £2.5m into the business from working capital. With these investments in the core business starting to deliver sustained and accelerating growth the Directors are confident that the next 12 months will begin to see the pent up potential within the business released, providing significant growth in databases, sales and profit over the coming years.

The Directors' thank all the Suttons staff for their flexibility and loyal support which has enabled the business to progress so successfully.

SUTTONS CONSUMER PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

Principal risks and uncertainties

In common with all companies operating in the horticultural market, Suttons is exposed to the risk of poor weather during its key selling season, we have reduced this risk by maintaining awareness of market trends, improving sustainability and increasing the offering of other products to cover periods outside of the key months.

Going Concern

At 31 July 2018, the Company was a subsidiary of Suttons Seeds Limited. The Directors' believe that the Company is well placed to manage its business risks and that the Company has adequate capacity to continue its operations for the foreseeable future. Accordingly, the Directors' have continued to adopt the going concern basis in the preparation of these accounts.

Environmental and Social Responsibility

The Directors committed to the Torbay Development Agency in 2015 to maintain their current level of employment for a minimum of 3 years. Over this period, employee numbers have grown from 126 to 237. The Directors of the business are committed to growing the business in an ethical and sustainable manner.

Political and charitable contributions

By working with specific charities, the company has either donated directly, or helped them raise donations and net trading income of over £699,729 over the first three years

Financial key performance indicators

Please find below the primary financial key performance indicators for Suttons Consumer Products Ltd (SCP) and the consolidated position including The Present Finder Ltd (PF) a wholly owned subsidiary of SCP acquired on 2nd November 2017.

As included in previous sections within this report, the consolidated position includes both exceptional acquisition expenses and does not have the full benefit of cost savings anticipated in 2019 and future years.

£'000	2018	2017
Suttons Consumer Products (SCP) Trading Revenue	13,795.8	12,545.0
*Present Finder (PF) Revenue (Subsidiary of SCP)	1,307.6	0.0
Consolidated SCP Revenue	15,103.4	12,545.0
SCP Profit before interest and tax	(146.9)	232.5
PF Profit before interest and tax	135.9	0.0
Consolidated SCP Profit before interest and tax	(11.0)	232.5
SCP EBITDA	193.6	490.9
*PF EBITDA	162.9	0.0
Consolidated SCP EBITDA	356.5	490.9
SCP Net Assets	3,252.9	3,424.8
*PF Net Assets	32.4	0.0
Consolidated SCP Net Assets	3,285.3	3,424.8

*For period ending 31st July 2018 (1st November 2017 – 31st July 2018)

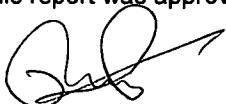
EBITDA is calculated as profit before tax removing interest paid and received, depreciation and amortisation charged and adjusting for any profit/loss on disposal of fixed assets.

SUTTONS CONSUMER PRODUCTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018**

This report was approved by the board on 29 April 2019

and signed on its behalf.



R W Roberts
Director

SUTTONS CONSUMER PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2018

The directors present their report and the financial statements for the year ended 31 July 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 loss for the year, after taxation, amounted to £171,864 (2017: profit £170,067).

No dividend is recommended.

Directors

The directors who served during the year were:

D C Robinson
R W Roberts

Disclosure of information to auditors

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

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

Post balance sheet events

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

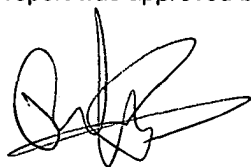
SUTTONS CONSUMER PRODUCTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018**

Auditors

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



R W Roberts
Director

Date: 29 April 2019

Woodview Road
Paignton
Devon
TQ4 7NG

SUTTONS CONSUMER PRODUCTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUTTONS CONSUMER PRODUCTS LIMITED

Opinion

We have audited the financial statements of Suttons Consumer Products Limited (the 'Company') for the year ended 31 July 2018, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2018 and of its loss 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 and Financial Statements, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

SUTTONS CONSUMER PRODUCTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUTTONS CONSUMER PRODUCTS LIMITED (CONTINUED)

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 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 on page 4, 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.

Auditors' responsibilities for the audit of the financial statements

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

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

SUTTONS CONSUMER PRODUCTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUTTONS CONSUMER PRODUCTS LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Fleur Lewis FCA (Senior statutory auditor)
for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: *30 April 2019*

SUTTONS CONSUMER PRODUCTS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JULY 2018**

	Note	2018 £	2017 £
Turnover	4	13,795,834	12,545,037
Cost of sales		(8,089,233)	(7,299,117)
Gross profit		5,706,601	5,245,920
Distribution costs		(5,272,813)	(4,087,910)
Administrative expenses		(1,067,752)	(1,390,554)
Other operating income	5	487,072	465,060
Operating (loss)/profit	6	(146,892)	232,516
Interest receivable and similar income		22	1,712
Interest payable and expenses		(56,254)	(8,777)
(Loss)/profit before tax		(203,124)	225,451
Tax on (loss)/profit	10	31,260	(55,384)
(Loss)/profit after tax		(171,864)	170,067
Retained earnings at the beginning of the year		3,394,799	3,244,732
		3,394,799	3,244,732
(Loss)/profit for the year		(171,864)	170,067
Dividends declared and paid		-	(20,000)
Retained earnings at the end of the year		3,222,935	3,394,799

The notes on pages 11 to 29 form part of these financial statements.

SUTTONS CONSUMER PRODUCTS LIMITED
REGISTERED NUMBER:00284448

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	1,482,366	1,620,274
Tangible assets	13	1,919,697	2,030,978
Investments	14	362,439	10,667
		<u>3,764,502</u>	<u>3,661,919</u>
Current assets			
Stocks	15	2,533,542	2,048,417
Debtors: amounts falling due within one year	16	1,069,815	1,356,832
Cash at bank and in hand	17	55,575	567,444
		<u>3,658,932</u>	<u>3,972,693</u>
Creditors: amounts falling due within one year	18	(3,565,706)	(3,341,321)
Net current assets		<u>93,226</u>	<u>631,372</u>
Total assets less current liabilities		<u>3,857,728</u>	<u>4,293,291</u>
Creditors: amounts falling due after more than one year	19	(604,793)	(868,492)
Net assets		<u><u>3,252,935</u></u>	<u><u>3,424,799</u></u>
Capital and reserves			
Called up share capital	23	30,000	30,000
Profit and loss account	24	3,222,935	3,394,799
		<u><u>3,252,935</u></u>	<u><u>3,424,799</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

R W Roberts
Director



D C Robinson
Director



Date:

29 April 2019

The notes on pages 11 to 29 form part of these financial statements.

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1. General information

Suttons Consumer Products Limited is a private company limited by share capital, incorporated in England and Wales. The address of the registered office is Woodview Road, Paignton, Devon, TQ4 7NG.

The principal activity of the company is the marketing of seeds, plants, bulbs and horticultural equipment.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires 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 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(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Suttons Seeds Limited as at 31 July 2018 and these financial statements may be obtained from the parent company's registered office, Woodview Road, Paignton, Devon, TQ4 7NG..

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.4 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.

2.5 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

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

- 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.

2.6 Operating leases: the Company as lessee

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

2.7 Research and development

Development costs are charged to the profit and loss account as incurred.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of income and retained earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.9 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.10 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

2.12 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 income and retained earnings 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.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, 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 Statement of financial position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.14 Intangible fixed assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Database	-	33%
Trademarks	-	5%
Computer software	-	12.5%

2.15 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.

Depreciation is provided on the following basis:

Freehold property	- 1 % per annum
Long-term leasehold property	- 4 % per annum
Short-term leasehold property	- Over the remaining period of the lease
Plant and machinery	- 10 - 20 % per annum
Motor vehicles	- 10 - 20 % 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 in the Statement of income and retained earnings.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted equity shares are measured at cost less impairment.

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.17 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. Work in progress and finished goods include labour and attributable overheads.

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.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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

In the application of the Group's accounting policies, which are described above, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgments and estimates that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical judgments and estimates

There are two key provisions in the accounts:

Stock Obsolescence

The provision is based on historical performance, age of products with time limited sell by dates and future product ranges

Sale or Return

Some retail clients are offered the facility to return unsold stock at the end of the season. The provision is based on historic returns performance, contractual changes and retail market performance.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Seeds and plants	13,425,529	12,467,274
Bee supplies	370,305	77,763
	<u>13,795,834</u>	<u>12,545,037</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	13,443,183	12,336,029
Rest of the world	352,651	209,008
	<u>13,795,834</u>	<u>12,545,037</u>

SUTTONS CONSUMER PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

5. Other operating income

	2018 £	2017 £
Rental and other income	487,072	315,060
Government grants receivable	-	150,000
	<u>487,072</u>	<u>465,060</u>

6. Operating (loss)/profit

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

	2018 £	2017 £
Depreciation	200,977	190,927
Amortisation	137,918	71,183
Government grants	-	(150,000)
Loss/(profit) on disposal of fixed assets	1,552	(3,684)
Exchange differences	12,134	(340)
Other operating lease rentals	52,018	11,935
Research & development charged as an expense	10,235	8,002
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	16,500	18,730
	<u> </u>	<u> </u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

8. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,481,903	2,993,881
Social security costs	275,696	232,533
Cost of defined contribution scheme	139,354	142,792
	<u>3,896,953</u>	<u>3,369,206</u>

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

	2018 No.	2017 No.
Administration	60	68
Warehouse and logistics	83	59
Sales and support staff	67	64
	<u>210</u>	<u>191</u>

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	170,025	231,388
Company contributions to defined contribution pension schemes	26,563	60,190
	<u>196,588</u>	<u>291,578</u>

During the year retirement benefits were accruing to 2 directors (2017: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £85,025 (2017: £92,800).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £22,100 (2017: £20,100).

SUTTONS CONSUMER PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

10. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	(31,260)	-
	(31,260)	-
Total current tax	(31,260)	-
Deferred tax		
Origination and reversal of timing differences	-	85,191
Changes to tax rates	-	(1,849)
Deferred tax adjustment relating to previous years	-	(27,958)
Total deferred tax	-	55,384
Taxation on (loss)/profit on ordinary activities	(31,260)	55,384

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.67%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	<u>(203,124)</u>	<u>225,451</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.67%)	(38,594)	44,346
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	255	-
Fixed asset timing differences	11,105	31,810
Non-taxable income	-	(279)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(15,530)	-
Other permanent differences	-	13,508
Dividends from UK companies	-	(253)
Adjustments to deferred tax	1,494	(29,807)
Deferred tax not recognised	12,693	-
Other adjustments	(2,683)	(3,941)
Total tax charge for the year	<u>(31,260)</u>	<u>55,384</u>

11. Dividends

	2018 £	2017 £
Dividends paid	-	20,000
	<u>-</u>	<u>20,000</u>

SUTTONS CONSUMER PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

12. Intangible assets

	Database £	Trademarks £	Computer software £	Total £
Cost				
At 1 August 2017	25,000	1,513,262	514,231	2,052,493
Additions	-	10	-	10
At 31 July 2018	25,000	1,513,272	514,231	2,052,503
Amortisation				
At 1 August 2017	15,277	9,536	407,406	432,219
Charge for the year	8,337	75,663	53,918	137,918
At 31 July 2018	23,614	85,199	461,324	570,137
Net book value				
At 31 July 2018	1,386	1,428,073	52,907	1,482,366
At 31 July 2017	9,723	1,503,726	106,825	1,620,274

SUTTONS CONSUMER PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

13. Tangible fixed assets

	Land and buildings £	Plant, fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 1 August 2017	2,183,210	1,797,097	200,718	379,697	4,560,722
Additions	1,553	71,532	8,600	18,617	100,302
Disposals	-	-	(14,580)	(4,250)	(18,830)
At 31 July 2018	<u>2,184,763</u>	<u>1,868,629</u>	<u>194,738</u>	<u>394,064</u>	<u>4,642,194</u>
Depreciation					
At 1 August 2017	933,151	1,222,540	73,899	300,154	2,529,744
Charge for the year on owned assets	54,046	84,342	31,714	30,875	200,977
Disposals	-	-	(8,019)	(205)	(8,224)
At 31 July 2018	<u>987,197</u>	<u>1,306,882</u>	<u>97,594</u>	<u>330,824</u>	<u>2,722,497</u>
Net book value					
At 31 July 2018	<u>1,197,566</u>	<u>561,747</u>	<u>97,144</u>	<u>63,240</u>	<u>1,919,697</u>
At 31 July 2017	<u>1,250,059</u>	<u>574,557</u>	<u>126,819</u>	<u>79,543</u>	<u>2,030,978</u>

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold	781,214	781,214
Long leasehold	221,433	232,846
Short leasehold	194,919	235,998
	<u>1,197,566</u>	<u>1,250,058</u>

SUTTONS CONSUMER PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

14. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 August 2017	-	10,667	10,667
Additions	351,650	-	351,650
Foreign exchange movement	-	122	122
At 31 July 2018	<u>351,650</u>	<u>10,789</u>	<u>362,439</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding
The Present Finder Limited	Ordinary	100%

The registered office of The Present Finder Limited is Woodview Road, Paignton. Devon, TQ4 7NG.

SUTTONS CONSUMER PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018****15. Stocks**

	2018 £	2017 £
Raw materials and consumables	36,045	46,792
Packaging and other stock	375,808	387,934
Finished stock	1,493,822	1,169,320
Bulk seed stock	627,867	444,371
	<u>2,533,542</u>	<u>2,048,417</u>

Stock recognised in cost of sales during the year as an expense was £4,237,257 (2017: £3,675,405) .

An impairment loss of £74,480 (2017: £189,370) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16. Debtors

	2018 £	2017 £
Trade debtors	434,591	807,820
Amounts owed by group undertakings	50,768	-
Other debtors	200,277	202,875
Prepayments and accrued income	261,673	254,891
Tax recoverable	31,260	-
Deferred taxation	91,246	91,246
	<u>1,069,815</u>	<u>1,356,832</u>

17. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	55,575	567,444
Less: bank overdrafts	(341,204)	(30,615)
	<u>(285,629)</u>	<u>536,829</u>

SUTTONS CONSUMER PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

18. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Bank overdrafts	341,204	30,615
Other loans	310,507	653,535
Trade creditors	1,980,870	1,668,056
Bills of exchange	209,116	332,851
Amounts owed to group undertakings	19,999	39,999
Other taxation and social security	142,338	55,668
Accruals and deferred income	561,672	560,597
	3,565,706	3,341,321

19. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Other loans	604,793	868,492
	604,793	868,492

20. Loans

Analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year		
Other loans	310,507	653,535
	310,507	653,535
Amounts falling due after more than one year		
Other loans	604,793	868,492
	604,793	868,492
	915,300	1,522,027

Other borrowings are secured on the trademarks capitalised by the company and recorded in Note 12 of the accounts.

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

21. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	66,364	578,111
Financial assets that are debt instruments measured at amortised cost	549,754	877,142
	<u>616,118</u>	<u>1,455,253</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(4,086,073)</u>	<u>(4,154,145)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, intercompany debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, returns and rebates, accruals, loans and intercompany creditors.

22. Deferred taxation

	2018 £	2017 £
At beginning of year	91,246	146,630
Charged to profit or loss	-	(55,384)
At end of year	<u>91,246</u>	<u>91,246</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	91,246	91,246
	<u>91,246</u>	<u>91,246</u>

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

23. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
120,000 (2017: 120,000) Ordinary shares of £0.25 each	<u>30,000</u>	<u>30,000</u>

24. Reserves

Profit and loss account

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

25. Business combinations

On 1 November 2017 the Company acquired 100% of the ordinary share capital of The Present Finder Limited, a private limited company registered in England and Wales.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible	86,416	86,416
	<u>86,416</u>	<u>86,416</u>
Stocks	261,241	261,241
Debtors	21,145	21,145
Cash at bank and in hand	4,442	4,442
Total assets	<u>373,244</u>	<u>373,244</u>
Due within one year	(475,891)	(475,891)
Deferred tax on differences between fair value and tax bases	28,381	28,381
Total identifiable net liabilities	<u>(74,266)</u>	<u>(74,266)</u>
Goodwill		425,916
Total purchase consideration		<u>351,650</u>

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

25. Business combinations (continued) Consideration

	£
Cash	351,650
Total purchase consideration	351,650

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	351,650
Net cash outflow on acquisition	351,650

The results of The Present Finder since its acquisition are as follows:

	Current period since acquisition £
Turnover	1,314,105
Profit for the year	108,201

26. Pension commitments

The Company operates a defined contribution 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 £139,354 (2017: £142,792). Contributions totalling £46,011 (2017: £48,731) were payable to the fund at the reporting date and are included in creditors.

SUTTONS CONSUMER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

27. Commitments under operating leases

At 31 July 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	282,231	254,887
Later than 1 year and not later than 5 years	1,015,778	1,000,716
Later than 5 years	41,667	291,667
	<u>1,339,676</u>	<u>1,547,270</u>

28. Controlling party

The company's immediate and ultimate parent company is Sutton Seeds Limited, incorporated in England and Wales. Sutton Seeds Limited is the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up.

Suttons Seeds Limited is controlled by the directors, Mr R W Roberts and Mr D C Robinson.

The consolidated financial statements of Sutton Seeds Limited are available upon request from the parent company's registered office, Woodview Road, Paignton, Devon, TQ4 7NG.