

Company Registration No. 01571614 (England and Wales)

**H & L RUSSEL LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**  
**PAGES FOR FILING WITH REGISTRAR**

# H & L RUSSEL LIMITED

## COMPANY INFORMATION

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**Director** Mr D Pratt-Thompson (Appointed 1 November 2018)

**Company number** 01571614

**Registered office** 7 Nelson Street  
Southend-on-Sea  
Essex  
SS1 1EH

**Auditor** Rickard Luckin Limited  
Phoenix House, Suite 8  
Christopher Martin Road  
Basildon  
Essex  
SS14 3EZ

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**H & L RUSSEL LIMITED**

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# H & L RUSSEL LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	5		4,914		13,505
<b>Current assets</b>					
Stocks		772,580		868,817	
Debtors	6	712,233		1,005,465	
Cash at bank and in hand		16,982		89,506	
		<u>1,501,795</u>		<u>1,963,788</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(1,467,434)</u>		<u>(1,896,155)</u>	
<b>Net current assets</b>			34,361		67,633
<b>Total assets less current liabilities</b>			<u>39,275</u>		<u>81,138</u>
<b>Capital and reserves</b>					
Called up share capital	9		5,000		5,000
Profit and loss reserves			34,275		76,138
<b>Total equity</b>			<u>39,275</u>		<u>81,138</u>

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 5 December 2018 and are signed on its behalf by:

Mr D Pratt-Thompson  
**Director**

**Company Registration No. 01571614**

# H & L RUSSEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

#### Company information

H & L Russel Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7 Nelson Street, Southend-on-Sea, Essex, SS1 1EH.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Post year end the company has been purchased by Scott Brothers Limited. It is the intention of the Director to consolidate the trade of this company and the parent company within the next 12 months. At this stage there is no commitment to wind up the company.

The Director has prepared cash flow forecasts and projections to 30 September 2020, making certain assumptions regarding prudent possible changes on trading performance, level of demand for the company's products and the significant cost reduction measures implemented. The cash flow forecasts demonstrate that this company can continue to trade within its available facilities for a period of at least 12 months from the date of approval of the financial statements.

Thus the Director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sales of goods and services to customers.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# H & L RUSSEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	33.33% reducing balance
Fixtures and fittings	33.33% reducing balance
Office equipment	33.33% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# H & L RUSSEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **1 Accounting policies**

**(Continued)**

#### **1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

#### ***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# H & L RUSSEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### 1.11 Retirement benefits

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### *Dilapidations*

As explained more fully in note 10, there is a significant degree of uncertainty surrounding a potential liability for dilapidations. The negotiations are ongoing and due to the high degree of uncertainty over the settlement amount, no provision has been made in the accounts.

### 3 Operating loss

	2018	2017
	£	£
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	9,600	9,400
	<u>          </u>	<u>          </u>

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 28 (2017 - 33).

# H & L RUSSEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 5 Tangible fixed assets

	<b>Plant and machinery etc</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2017	102,383
Disposals	(25,373)
	<hr/>
At 31 March 2018	77,010
	<hr/>
<b>Depreciation and impairment</b>	
At 1 April 2017	88,878
Depreciation charged in the year	2,458
Eliminated in respect of disposals	(19,240)
	<hr/>
At 31 March 2018	72,096
	<hr/>
<b>Carrying amount</b>	
At 31 March 2018	4,914
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At 31 March 2017	13,505
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### 6 Debtors

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	501,033	747,643
Other debtors	211,200	257,822
	<hr/>	<hr/>
	712,233	1,005,465
	<hr/> <hr/>	<hr/> <hr/>

### 7 Creditors: amounts falling due within one year

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	398,752	712,673
Trade creditors	397,657	431,544
Amounts due to group undertakings	514,500	514,500
Other taxation and social security	82,216	93,097
Other creditors	74,309	144,341
	<hr/>	<hr/>
	1,467,434	1,896,155
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# H & L RUSSEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 8 Loans and overdrafts

	2018 £	2017 £
Bank loans	398,752	712,673
Payable within one year	398,752	712,673

The loans are secured by fixed charges over all assets of the company.

### 9 Called up share capital

	2018 £	2017 £
<b>Ordinary share capital Issued and fully paid</b>		
50,000 Ordinary shares of 10p each	5,000	5,000

### 10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

#### Material uncertainty related to going concern

Since the year end, the entire share capital of the company was acquired by Scott Brothers Limited. The most recent financial statements of Scott Brothers Limited available as at 30 September 2017 show an insolvent position with net current liabilities of £502,751. If Scott Brothers Limited was unable to continue to trade this would put into doubt the viability of this Company. This creates a material uncertainty which may cast doubt on the company's ability to continue as going concern. We draw your attention to note 1.2 in respect of going concern. Our opinion is not qualified in respect of this matter.

The senior statutory auditor was Kate Bell.

The auditor was Rickard Luckin Limited.

### 11 Financial commitments, guarantees and contingent liabilities

Since the year end the company has received notice from the landlord that the tenancy agreement will end in December 2018. The company is liable to pay a settlement amount to cover dilapidations and repairs on vacation of the property. The total liability estimated by the landlord £504,505 however this is disputed by the company and negotiations are currently ongoing. It is not possible to determine the liability with sufficient reliability, therefore a provision is not included in these accounts.

# H & L RUSSEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 12 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2018	2017
£	£
109,748	294,541
<u>109,748</u>	<u>294,541</u>

### 13 Events after the reporting date

On 1 November 2018, 100% of the share capital was purchased by Scott Brothers Ltd.

### 14 Related Party Transactions

During the year, the company was charged other professional charges of £1,250 + VAT (2017: £2,915 + VAT) by the parent company. At the balance sheet date, the amount due to the parent company was £514,500 (2017: £514,500).

During the year, the company was charged interest of £ 4,305 (2017: £nil) on a loan from a company under common control. During the year this company provided a loan totalling £78,437. A total of £41,935 was repaid during the year and it was agreed that the remaining loan balance of £40,808 be written off. This write off is shown under amounts written off financial liabilities in the accounts. At the balance sheet date, the amount due from the company was £nil (2017: £nil).

During the year, the company was charged interest of £2,277 (2017: £2,560) on a loan from the ultimate controlling party. During the year the individual agreed that the loan balance be written off, and this write off is shown under amounts written off financial liabilities in the accounts. At the balance sheet date, the balance due to the ultimate controlling party was £nil (2017: £54,460).

