

**Company Registration No. 02826665 (England and Wales)**

**J S BAILEY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

# J S BAILEY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr J S Bailey Mrs G M Bailey
<b>Secretary</b>	Mr J S Bailey
<b>Company number</b>	02826665
<b>Registered office</b>	17 Alvaston Business Park Middlewich Road Nantwich Cheshire CW5 6PF
<b>Auditor</b>	Lyon Griffiths (Audit and Accounting) Limited 17 Alvaston Business Park Middlewich Road Nantwich Cheshire CW5 6PF
<b>Business address</b>	Calveley Mill Nantwich Road Calveley Tarporley Cheshire CW6 9JW

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# J S BAILEY LIMITED

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# **J S BAILEY LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE YEAR ENDED 30 SEPTEMBER 2020***

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The directors present the strategic report for the year ended 30 September 2020.

#### **Fair review of the business**

The company continued to supply dairy products to the food sector being principally grated, block and flavoured cheese products. The company sources its product throughout the UK and Europe and operates from one site in Calveley, Cheshire which includes its production and distribution facilities.

The company experienced volatile trading conditions throughout the financial year. Sales volumes were lower during the second half of the financial year due to the effects of the COVID-19 pandemic on the food service sector. In addition market price fluctuations of cheese continued to be volatile during the year. Overall turnover reduced from £33.5 million in the previous year to £30.7 million, a reduction of 8.38%. The gross margin percentage fell slightly but remained at around 12% in the current and previous accounting periods.

The company has continued with its programme of capital expenditure during and after the end of the financial year having increased the number of grating lines and increased its storage and production facilities.

Despite the uncertainties arising from the COVID-19 pandemic and the continuation of challenging market conditions, the company continues to maintain its strong financial position.

#### **Principal risks and uncertainties**

The company's activities expose it to a number of financial risks including product price risk and credit risk. The directors review and agree policies for managing these risks as described below:

##### **Product price risk**

The company is exposed to fluctuations in market prices of dairy products. This position is continually monitored and where possible and appropriate the risk is managed by securing contracted prices at favourable rates.

##### **Credit risk**

The company trades with only recognised, credit worthy third parties. It is company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, trade debtor balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is mitigated. The company also has bad debt insurance in place on most of its trade debtors.

The company has very little exposure to foreign currency risk transacting wherever possible in sterling.

By order of the board

Mr J S Bailey  
**Secretary**

13 August 2021

# **J S BAILEY LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 SEPTEMBER 2020***

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The directors present their annual report and financial statements for the year ended 30 September 2020.

#### **Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £2,000. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J S Bailey  
Mrs G M Bailey

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Lyon Griffiths (Audit and Accounting) Limited be reappointed as auditor of the company will be put at a General Meeting.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

Mr J S Bailey  
**Secretary**

13 August 2021

# **J S BAILEY LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

# J S BAILEY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF J S BAILEY LIMITED

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### Opinion

We have audited the financial statements of J S Bailey Limited (the 'company') for the year ended 30 September 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

# J S BAILEY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF J S BAILEY LIMITED

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### **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 and the directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

**Robert Morris (Senior Statutory Auditor)  
for and on behalf of Lyon Griffiths (Audit and Accounting)  
Limited  
Chartered Accountants  
Statutory Auditor**

13 August 2021

17 Alvaston Business Park  
Middlewich Road  
Nantwich  
Cheshire  
CW5 6PF

# J S BAILEY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	<b>3</b>	30,739,089	33,552,224
Cost of sales		(27,069,819)	(29,504,740)
<b>Gross profit</b>		<u>3,669,270</u>	<u>4,047,484</u>
Distribution costs		(521,173)	(541,378)
Administrative expenses		(2,103,488)	(2,268,853)
Other operating income		109,735	-
<b>Operating profit</b>	<b>4</b>	<u>1,154,344</u>	<u>1,237,253</u>
Interest receivable and similar income	<b>7</b>	6,798	2,133
Interest payable and similar expenses	<b>8</b>	(960)	(960)
<b>Profit before taxation</b>		<u>1,160,182</u>	<u>1,238,426</u>
Tax on profit	<b>9</b>	186,797	429,644
<b>Profit for the financial year</b>		<u><u>1,346,979</u></u>	<u><u>1,668,070</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# J S BAILEY LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		4,955,696		3,981,533
<b>Current assets</b>					
Stocks	13	1,672,071		1,766,372	
Debtors	14	4,059,943		5,156,595	
Cash at bank and in hand		4,439,301		3,546,630	
		<u>10,171,315</u>		<u>10,469,597</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(3,501,702)</u>		<u>(4,294,632)</u>	
<b>Net current assets</b>			6,669,613		6,174,965
<b>Total assets less current liabilities</b>			<u>11,625,309</u>		<u>10,156,498</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(2,982)		(8,095)
<b>Provisions for liabilities</b>					
Deferred tax liability	18	264,507	<u>(264,507)</u>	135,562	<u>(135,562)</u>
<b>Deferred grants</b>	19		<u>(336,000)</u>		<u>(336,000)</u>
<b>Net assets</b>			<u>11,021,820</u>		<u>9,676,841</u>
<b>Capital and reserves</b>					
Called up share capital	21		2		2
Profit and loss reserves			<u>11,021,818</u>		<u>9,676,839</u>
<b>Total equity</b>			<u>11,021,820</u>		<u>9,676,841</u>

The financial statements were approved by the board of directors and authorised for issue on 13 August 2021 and are signed on its behalf by:

Mr J S Bailey  
Director

Company Registration No. 02826665

# J S BAILEY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 October 2018</b>		2	8,010,769	8,010,771
<b>Year ended 30 September 2019:</b>				
Profit and total comprehensive income for the year		-	1,668,070	1,668,070
Dividends	<b>10</b>	-	(2,000)	(2,000)
<b>Balance at 30 September 2019</b>		2	9,676,839	9,676,841
<b>Year ended 30 September 2020:</b>				
Profit and total comprehensive income for the year		-	1,346,979	1,346,979
Dividends	<b>10</b>	-	(2,000)	(2,000)
<b>Balance at 30 September 2020</b>		2	11,021,818	11,021,820

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# J S BAILEY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	1,620,186		2,595,024	
Interest paid		(960)		(960)	
Taxation refunded/(paid)		768,400		(395,625)	
<b>Net cash inflow from operating activities</b>		<b>2,387,626</b>		<b>2,198,439</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,494,640)		(1,858,059)	
Proceeds on disposal of tangible fixed assets		-		11,917	
Interest received		6,798		2,133	
<b>Net cash used in investing activities</b>		<b>(1,487,842)</b>		<b>(1,844,009)</b>	
<b>Financing activities</b>					
Payment of finance leases obligations		(5,113)		(5,112)	
Dividends paid		(2,000)		(2,000)	
<b>Net cash used in financing activities</b>		<b>(7,113)</b>		<b>(7,112)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>892,671</b>		<b>347,318</b>	
Cash and cash equivalents at beginning of year		3,546,630		3,199,312	
<b>Cash and cash equivalents at end of year</b>		<b>4,439,301</b>		<b>3,546,630</b>	

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 1 Accounting policies

#### Company information

J S Bailey Limited is a private company limited by shares incorporated in England and Wales. The registered office is 17 Alvaston Business Park, Middlewich Road, Nantwich, Cheshire, CW5 6PF. The business address is Calveley Mill, Nantwich Road, Calveley, Tarporley, Cheshire, CW6 9JW.

#### 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.

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.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.2 Turnover

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.

#### 1.3 Tangible fixed assets

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

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

Freehold land and buildings	2% straight line
Land and buildings leasehold	4% straight line
Plant and machinery	10% to 20% straight line
Motor vehicles	10% to 25% straight line

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.

#### 1.4 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.

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.5 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.

#### 1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

#### 1.7 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

#### 1.9 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.10 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 in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are 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.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
<b>Turnover</b>		
Sale of goods	30,739,089	33,552,224
	<u>30,739,089</u>	<u>33,552,224</u>
<b>Other significant revenue</b>		
Grants received	100,135	-
	<u>100,135</u>	<u>-</u>
<b>Turnover analysed by geographical market</b>		
	2020 £	2019 £
United Kingdom	26,438,890	29,111,597
Rest of Europe	3,009,652	2,632,280
Rest of World	1,290,547	1,808,347
	<u>30,739,089</u>	<u>33,552,224</u>
	<u>30,739,089</u>	<u>33,552,224</u>

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 4 Operating profit

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(44,212)	(7,295)
Government grants	(100,135)	-
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	5,400
Depreciation of owned tangible fixed assets	514,796	386,929
Depreciation of tangible fixed assets held under finance leases	5,681	5,681
Profit on disposal of tangible fixed assets	-	(11,917)
Operating lease charges	185,420	179,600
	<u>185,420</u>	<u>179,600</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Office and management	12	12
Warehouse and production	74	68
Total	<u>86</u>	<u>80</u>

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,384,469	2,733,187
Social security costs	215,352	267,975
Pension costs	41,772	34,434
	<u>2,641,593</u>	<u>3,035,596</u>

### 6 Directors' remuneration

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	176,384	579,605
Company pension contributions to defined contribution schemes	1,313	1,316
	<u>177,697</u>	<u>580,921</u>

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 6 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

As total directors' remuneration was less than £200,000 in the financial year, no disclosure is required for the highest paid director. The remuneration for the highest paid director for the year ended 30 September 2019 was £482,889.

The company only considers the directors to be key management personnel.

### 7 Interest receivable and similar income

	2020	2019
	£	£
<b>Interest income</b>		
Interest on bank deposits	2,311	2,133
Other interest income	4,487	-
	<u>6,798</u>	<u>2,133</u>
Total income	<u>6,798</u>	<u>2,133</u>

### 8 Interest payable and similar expenses

	2020	2019
	£	£
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	960	960
	<u>960</u>	<u>960</u>

### 9 Taxation

	2020	2019
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	98,619	217,883
Tax refund in respect of previous years	(414,361)	(671,776)
	<u>(315,742)</u>	<u>(453,893)</u>
Total current tax	<u>(315,742)</u>	<u>(453,893)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	128,945	24,249
	<u>128,945</u>	<u>24,249</u>
Total tax credit	<u>(186,797)</u>	<u>(429,644)</u>

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 9 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	1,160,182	1,238,426
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	220,435	235,301
Tax effect of expenses that are not deductible in determining taxable profit	500	898
Adjustments in respect of prior years	(414,361)	(671,776)
Depreciation on assets not qualifying for tax allowances	6,629	5,933
Taxation credit for the year	(186,797)	(429,644)

### 10 Dividends

	2020 £	2019 £
Interim paid	2,000	2,000

### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 October 2019 and 30 September 2020	149,000
<b>Amortisation and impairment</b>	
At 1 October 2019 and 30 September 2020	149,000
<b>Carrying amount</b>	
At 30 September 2020	-
At 30 September 2019	-

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 12 Tangible fixed assets

	Freehold land and buildings	Land and buildings leasehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 October 2019	2,077,890	842,402	2,982,519	40,296	5,943,107
Additions	385,438	148,346	955,856	5,000	1,494,640
Disposals	-	-	(283,843)	-	(283,843)
Transfers	(16,000)	16,000	-	-	-
At 30 September 2020	2,447,328	1,006,748	3,654,532	45,296	7,153,904
<b>Depreciation and impairment</b>					
At 1 October 2019	25,425	212,719	1,699,615	23,815	1,961,574
Depreciation charged in the year	6,000	36,815	470,880	6,782	520,477
Eliminated in respect of disposals	-	-	(283,843)	-	(283,843)
At 30 September 2020	31,425	249,534	1,886,652	30,597	2,198,208
<b>Carrying amount</b>					
At 30 September 2020	2,415,903	757,214	1,767,880	14,699	4,955,696
At 30 September 2019	2,052,465	629,683	1,282,904	16,481	3,981,533

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Plant and machinery	8,995	14,675

Freehold land and buildings include £1,438,966 being the cost of a new warehouse which had not been completed at the year end and for this reason no depreciation has been charged on this amount.

For the purposes of calculating depreciation the directors have estimated that freehold land and buildings include £300,000 (2019 - £300,000) for the cost of buildings. Freehold land is not depreciated.

### 13 Stocks

	2020 £	2019 £
Finished goods and goods for resale	1,672,071	1,766,372

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 14 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	3,374,212	4,021,182
Corporation tax recoverable	414,361	804,408
Other debtors	140,673	232,424
Prepayments and accrued income	130,697	98,581
	<u>4,059,943</u>	<u>5,156,595</u>
	<u><u>4,059,943</u></u>	<u><u>5,156,595</u></u>

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

	Notes	2020	2019
		£	£
Obligations under finance leases	17	5,112	5,112
Trade creditors		2,525,935	3,164,753
Corporation tax		98,619	36,008
Other taxation and social security		31,799	40,121
Other creditors		273,043	2,140
Accruals and deferred income		567,194	1,046,498
		<u>3,501,702</u>	<u>4,294,632</u>
		<u><u>3,501,702</u></u>	<u><u>4,294,632</u></u>

### 16 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Obligations under finance leases	17	2,982	8,095
		<u>2,982</u>	<u>8,095</u>
		<u><u>2,982</u></u>	<u><u>8,095</u></u>

### 17 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	6,072	6,072
In two to five years	3,541	9,614
	<u>9,613</u>	<u>15,686</u>
Less: future finance charges	(1,519)	(2,479)
	<u>8,094</u>	<u>13,207</u>
	<u><u>8,094</u></u>	<u><u>13,207</u></u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The finance leases are secured on the assets concerned.

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2020 £</b>	<b>Liabilities 2019 £</b>
<b>Balances:</b>		
Accelerated capital allowances	264,507	135,562
	<u>          </u>	<u>          </u>
		<b>2020 £</b>
<b>Movements in the year:</b>		
Liability at 1 October 2019		135,562
Charge to profit or loss		128,945
		<u>          </u>
Liability at 30 September 2020		264,507
		<u>          </u>

### 19 Deferred grants

	<b>2020 £</b>	<b>2019 £</b>
Arising from government grants	336,000	336,000
	<u>          </u>	<u>          </u>

Government grants totalling £336,000 are towards the cost of building a new warehouse, under the Rural Development Programme for England. The costs of the new warehouse are included in freehold land and buildings additions. The conditions of the grant had not been fulfilled at 30 September 2020, and so no income has been recognised in the financial statements.

### 20 Retirement benefit schemes

	<b>2020 £</b>	<b>2019 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	41,772	34,434
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 21 Share capital

	<b>2020 Number</b>	<b>2019 Number</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	2	2	2	2
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 21 Share capital

(Continued)

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

### 22 Operating lease commitments

#### Lessee

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

	2020 £	2019 £
Within one year	11,889	34,215
Between two and five years	496,417	337,013
	<u>508,306</u>	<u>371,228</u>

### 23 Directors' transactions

Dividends totalling £2,000 (2019 - £2,000) were paid in the year in respect of shares held by the company's directors.

During the year the company rented business premises from the director, Mr J S Bailey, who is the owner of the premises. Included in administrative expenses is an amount of £117,620 (2019 - £117,620) paid to Mr J S Bailey for rent and insurance.

### 25 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	1,346,979	1,668,070
<b>Adjustments for:</b>		
Taxation credited	(186,797)	(429,644)
Finance costs	960	960
Investment income	(6,798)	(2,133)
Gain on disposal of tangible fixed assets	-	(11,917)
Depreciation and impairment of tangible fixed assets	520,477	392,610
Increase in deferred income	-	336,000
<b>Movements in working capital:</b>		
Decrease in stocks	94,301	101,301
Decrease in debtors	706,605	450,416
(Decrease)/increase in creditors	(855,541)	89,361
<b>Cash generated from operations</b>	<u>1,620,186</u>	<u>2,595,024</u>

# J S BAILEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 26 Analysis of changes in net funds

	1 October 2019 £	Cash flow £	30 September 2020 £
Cash at bank and in hand	3,546,630	892,671	4,439,301
Obligations under finance leases	(13,207)	5,113	(8,094)
	<u>3,533,423</u>	<u>897,784</u>	<u>4,431,207</u>

