

Financial Statements

Ridgeway Plant Co Limited

For the Year Ended 31 December 2021



Registered number: NI007818

Ridgeway Plant Co Limited

Company Information

Directors	M L Kane S C Kane
Company secretary	S C Kane (Resigned 1 March 2022) D Toner (Appointed 1 March 2022)
Registered number	NI007818
Registered office	103 Airport Road West Belfast BT3 9ED
Independent auditor	Grant Thornton (NI) LLP Chartered Accountants & Statutory Auditors 12 - 15 Donegall Square West Belfast BT1 6JH
Bankers	Danske Bank 122 Upper Lisburn Road Belfast BT10 0BD

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Ridgeway Plant Co Limited

Strategic Report

For the Year Ended 31 December 2021

Introduction

The directors have the pleasure in presenting the Strategic report of the company for the year to 31 December 2021.

Principal activity and business review

The principal activity of the company during the year was the sale and hire of building supplies.

The director's are satisfied with the trading results for the year which is in line with expectation.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the company are in the following categories:

Economic risk

The company is exposed to the risk of foreign exchange losses, increased interest rates and inflation having an adverse impact on served markets.

Competition risk

The directors of the company manage competition risk through close attention to product quality.

Liquidity and cash flow risk

The company's policy is to ensure that sufficient resources are available to ensure that all obligations are met as they fall due.

Financial key performance indicators

The company considers gross profit margin to be an important indicator of the underlying performance of the business. Gross profit margin for the company was 26.8% compared with 26.6% in 2020.

This report was approved by the board on 13 September 2022 and signed on its behalf.



S C Kane
Director

Directors' Report

For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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 profit for the year, after taxation, amounted to £508,551 (2020 - £201,027).

The directors have not recommended a dividend (2020: £Nil).

Directors

The directors who served during the year were:

M L Kane
S C Kane

Future developments

The directors plan to continue its current activities.

Branches outside the United Kingdom

The company operates a branch in the Republic of Ireland.

Directors' Report (continued)

For the Year Ended 31 December 2021

Matters covered in the Strategic Report

Under Schedule 7.1A of 'Large and Medium-Sized Companies and Groups (Accounting and Reporting) Regulations 2008', the company has elected to disclose the following directors' report information in the Strategic Report:

- Principal activity and Business review;
- Principal risks and uncertainties; and
- Financial key performance indicators.

Disclosure of information to auditor

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

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

Impact of COVID-19

On the 11th of March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic, which is currently ongoing. Whilst it has not had a detrimental impact on the business, management are closely monitoring the evolution of this pandemic, including how it may affect the company, the economy and the general population. However, trading levels and working capital remains strong, and thus, management are confident that the company is well placed to withstand potential future challenges in this context.

Post balance sheet events

There are no post balance sheet events requiring disclosure.

Auditor

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

This report was approved by the board on 13 September 2022 and signed on its behalf.



S C Kane
Director

Independent Auditor's Report to the Members of Ridgeway Plant Co Limited

Opinion

We have audited the financial statements of Ridgeway Plant Co Limited, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity for the financial year ended 31 December 2021, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Ridgeway Plant Co Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the financial year then ended; 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 'Responsibilities of the auditor 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, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities, and the responsibilities of the directors, with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Ridgeway Plant Co Limited (continued)

Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon, including the Directors' report and the Strategic Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the 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 in the financial statements, 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 the audit

- the information given in the Directors' report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' report and the Strategic 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 we have obtained in the course of the audit, we have not identified material misstatements in the Directors' report and the Strategic 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.



Independent Auditor's Report to the Members of Ridgeway Plant Co Limited (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 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, management is 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report to the Members of Ridgeway Plant Co Limited (continued)

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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 an auditor's 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 auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Employment Law, Environmental Regulations and Health and safety laws and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and applicable tax laws. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgments and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

Independent Auditor's Report to the Members of Ridgeway Plant Co Limited (continued)

In response to these principal risks, our audit procedures included but were not limited to:

- inquiries of managements on the polices and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of the board of directors meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- challenging assumptions and judgments made by management in their significant accounting estimates, including estimating useful lives of tangible fixed assets, allowance for the impairment of bad debt, allowance for the impairment of stock; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

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



Louise Kelly (Senior statutory auditor)

for and on behalf of
Grant Thornton (NI) LLP

Chartered Accountants
Statutory Auditors

Belfast

Date: 13 September 2022

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	14,541,341	11,315,219
Cost of sales		(10,597,432)	(8,299,854)
Gross profit		3,943,909	3,015,365
Distribution costs		(1,744,397)	(1,590,431)
Administrative expenses		(1,510,721)	(1,341,586)
Other operating income	5	-	194,461
Operating profit	6	688,791	277,809
Interest receivable and similar income	9	2,519	1,684
Interest payable and similar expenses	10	(44,883)	(36,193)
Profit before tax		646,427	243,300
Tax on profit	11	(137,876)	(42,273)
Profit for the financial year		508,551	201,027

There was no other comprehensive income for 2021 (2020: £Nil).

All amounts relate to continuing operations.

The notes on pages 15 to 30 form part of these financial statements.

Ridgeway Plant Co Limited
Registered number: NI007818

Balance Sheet

As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	1,527,460	1,527,154
		<u>1,527,460</u>	<u>1,527,154</u>
Current assets			
Stocks	13	2,587,896	1,947,357
Debtors: amounts falling due within one year	14	3,349,497	2,474,884
Current asset investments	15	2,760	2,760
Cash at bank and in hand	16	2,142,197	1,810,441
		<u>8,082,350</u>	<u>6,235,442</u>
Creditors: amounts falling due within one year	17	(4,478,254)	(3,664,384)
Net current assets		<u>3,604,096</u>	<u>2,571,058</u>
Total assets less current liabilities		<u>5,131,556</u>	<u>4,098,212</u>
Creditors: amounts falling due after more than one year	18	(487,826)	(14,466)
Provisions for liabilities			
Deferred tax	21	(110,298)	(58,865)
		<u>(110,298)</u>	<u>(58,865)</u>
Net assets		<u>4,533,432</u>	<u>4,024,881</u>
Capital and reserves			
Called up share capital	22	25,000	25,000
Capital redemption reserve	23	62,700	62,700
Profit and loss account	23	4,445,732	3,937,181
Shareholders' funds		<u>4,533,432</u>	<u>4,024,881</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2022.


S C Kane
Director

The notes on pages 15 to 30 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	25,000	62,700	3,937,181	4,024,881
Profit for the year	-	-	508,551	508,551
At 31 December 2021	25,000	62,700	4,445,732	4,533,432

The notes on pages 15 to 30 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	25,000	62,700	3,736,154	3,823,854
Profit for the year	-	-	201,027	201,027
At 31 December 2020	25,000	62,700	3,937,181	4,024,881

The notes on pages 15 to 30 form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	508,551	201,027
Adjustments for:		
Depreciation of tangible assets	225,573	296,717
Profit on disposal of tangible assets	(53,988)	(26,441)
Government grants	-	(194,461)
Interest paid	44,883	36,193
Interest received	(2,519)	(1,684)
Taxation charge	137,876	42,273
(Increase) in stocks	(640,539)	(14,032)
(Increase) in debtors	(874,613)	(139,012)
Increase/(decrease) in creditors	489,549	(12,168)
Corporation tax paid	(73,695)	(16,007)
Net cash generated from operating activities	<u>(238,922)</u>	<u>172,405</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(168,514)	(178,311)
Sale of tangible fixed assets	95,238	95,764
Interest received	2,519	1,684
HP interest paid	(3,614)	(4,546)
Net cash from investing activities	<u>(74,371)</u>	<u>(85,409)</u>
Cash flows from financing activities		
New loans received	800,000	-
Repayment of loans	(74,832)	-
Repayment of finance leases	(38,850)	(45,703)
Interest paid	(41,269)	(31,649)
Government grants	-	194,461
Net cash used in financing activities	<u>645,049</u>	<u>117,109</u>

Statement of Cash Flows (continued)

For the Year Ended 31 December 2021

	2021 £	2020 £
Net increase in cash and cash equivalents	<u>331,756</u>	<u>204,105</u>
Cash and cash equivalents at beginning of year	<u>1,810,441</u>	<u>1,606,336</u>
Cash and cash equivalents at the end of year	<u><u>2,142,197</u></u>	<u><u>1,810,441</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>2,142,197</u>	<u>1,810,441</u>
	<u><u>2,142,197</u></u>	<u><u>1,810,441</u></u>

The notes on pages 15 to 30 form part of these financial statements.

Analysis of Net Debt

For the Year Ended 31 December 2021

	At 1 January 2021 £	Cash flows £	New finance leases £	At 31 December 2021 £
Cash at bank and in hand	1,810,441	331,756	-	2,142,197
Debt due after 1 year	-	(425,837)	-	(425,837)
Debt due within 1 year	-	(299,331)	-	(299,331)
Finance leases	(44,821)	38,850	(98,615)	(104,586)
	<u>1,765,620</u>	<u>(354,562)</u>	<u>(98,615)</u>	<u>1,312,443</u>

The notes on pages 15 to 30 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. General information

Ridgeway Plant Co Limited is a private company limited by shares and incorporated in Northern Ireland. The registered office is 103 Airport Road West, Belfast, BT3 9ED. The company's registered number is NI007818.

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 Going concern

After reviewing the company's forecast and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 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 profit or loss 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 comprehensive income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.9 Finance costs

Finance costs are charged to profit or loss 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.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company operates and generates income.

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Plant & machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures & fittings	-	25% reducing balance

2.14 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 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.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.17 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.18 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.

2.19 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.20 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 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 in case of an out-right* short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 31 December 2021

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

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The following are significant management judgments in applying the accounting policies of the company that have the most significant effect on the financial statements.

Allowances for impairment of trade debtors

The Company estimates the allowance for doubtful trade debtors based on assessment of specific accounts where the Company has objective evidence comprising default in payment terms or significant financial difficulty that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of the relationship.

Estimating allowance for slow moving and obsolete inventory

Management evaluates the realisability of inventory on a case by case basis and makes adjustments to the inventory based on an analysis of the historical usage on individual inventory items.

Estimating useful lives of tangible fixed assets

The company estimates the useful lives of tangible fixed assets based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of those assets.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

No analysis of turnover by class of business or geographical segment has been disclosed in the financial statements as, in the opinion of the directors, such disclosure would be prejudicial to the interests of the Company.

5. Other operating income

	2021	2020
	£	£
Government grants receivable	-	194,461
	<u>-</u>	<u>194,461</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	225,573	296,717
Auditors remuneration - audit fee	6,400	6,400
Auditors remuneration - corporate tax compliance	800	800
Defined contribution pension cost	37,556	44,779
	<u>37,556</u>	<u>44,779</u>

7. Employees

	2021	2020
	£	£
Wages and salaries	2,028,142	1,763,319
Social security costs	264,643	219,926
Cost of defined contribution scheme	37,556	44,779
	<u>2,330,341</u>	<u>2,028,024</u>

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

	2021	2020
	No.	No.
Selling & Distribution	38	36
Management & Admin	7	9
	<u>45</u>	<u>45</u>

8. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	606,200	444,000
Company contributions to defined contribution pension schemes	-	4,000
	<u>606,200</u>	<u>448,000</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £606,200 (2020 - £444,000).

Notes to the Financial Statements

For the Year Ended 31 December 2021

9. Interest receivable

	2021	2020
	£	£
Other interest receivable	2,519	1,684
	<u>2,519</u>	<u>1,684</u>

10. Interest payable and similar expenses

	2021	2020
	£	£
Bank interest payable	41,269	31,647
Finance leases and hire purchase contracts	3,614	4,546
	<u>44,883</u>	<u>36,193</u>

11. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	86,443	61,957
	<u>86,443</u>	<u>61,957</u>
Total current tax	<u>86,443</u>	<u>61,957</u>
Deferred tax		
Origination and reversal of timing differences	51,433	(19,684)
Total deferred tax	<u>51,433</u>	<u>(19,684)</u>
Taxation on profit on ordinary activities	<u>137,876</u>	<u>42,273</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	646,427	243,300
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	122,821	46,227
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,170	2,170
Deferred tax recognised at a different rate	1	-
Remeasurement of deferred tax for changes in tax rates	26,471	9,241
Adjustments to tax charge in respect of prior periods	-	(6,838)
Foreign tax	29,823	16,397
Foreign PE exemption	(41,367)	(24,924)
Fixed asset timing differences	(2,043)	-
Total tax charge for the year	137,876	42,273

Factors that may affect future tax charges

The standard rate of UK Corporation Tax is to remain at 19% until 31 March 2023. The Finance Act 2021, which was published on 11 March 2021 and received Royal Assent on 10 June 2021, states that this rate is to be increased from 19% to 25% from 1 April 2023. In summary, the rate of corporation tax from 1 April 2023 will increase to 25% for companies generating taxable profits of more than £250,000. The current 19% tax rate will continue to apply to 'small' companies with profits less than £50,000, with a 'taper relief rate' for those companies with profits between the new thresholds. Deferred tax assets and liabilities have been recognised using the tax rates applicable for the date the assets and liabilities are expected to reverse.

Notes to the Financial Statements

For the Year Ended 31 December 2021

12. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 January 2021	1,501,356	964,262	542,193	260,463	3,268,274
Additions	-	124,049	135,930	7,150	267,129
Disposals	-	(227,251)	(117,363)	(10,934)	(355,548)
At 31 December 2021	<u>1,501,356</u>	<u>861,060</u>	<u>560,760</u>	<u>256,679</u>	<u>3,179,855</u>
Depreciation					
At 1 January 2021	489,256	649,030	398,252	204,582	1,741,120
Charge for the year	30,027	109,820	69,968	15,758	225,573
Disposals	-	(193,262)	(112,058)	(8,978)	(314,298)
At 31 December 2021	<u>519,283</u>	<u>565,588</u>	<u>356,162</u>	<u>211,362</u>	<u>1,652,395</u>
Net book value					
At 31 December 2021	<u>982,073</u>	<u>295,472</u>	<u>204,598</u>	<u>45,317</u>	<u>1,527,460</u>
At 31 December 2020	<u>1,012,100</u>	<u>315,232</u>	<u>143,941</u>	<u>55,881</u>	<u>1,527,154</u>

The net book value of assets held under hire purchase contracts, included within motor vehicles above, was £115,974 (2020: £57,303).

13. Stocks

	2021 £	2020 £
Finished goods and goods for resale	2,587,896	1,947,357
	<u>2,587,896</u>	<u>1,947,357</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

14. Debtors

	2021	2020
	£	£
Trade debtors	3,287,553	2,423,029
Prepayments and accrued income	61,944	51,855
	<u>3,349,497</u>	<u>2,474,884</u>

15. Current asset investments

	2021	2020
	£	£
Unlisted investments	2,760	2,760
	<u>2,760</u>	<u>2,760</u>

16. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	2,142,197	1,810,441
	<u>2,142,197</u>	<u>1,810,441</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

17. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	299,332	-
Trade creditors	2,382,368	2,351,182
Corporation tax	89,096	76,348
Other taxation and social security	313,361	167,242
Finance lease and hire purchase contracts	42,596	30,355
Other creditors	282,644	450,126
Accruals and deferred income	1,068,857	589,131
	<u>4,478,254</u>	<u>3,664,384</u>

Trade and other creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

During the year the Company entered into the Coronavirus Business Interruption Loan (CBIL) scheme. Under the CBIL scheme, the UK Government may provide a guarantee to Danske Bank in the even of non-payment by the Company in respect of the Loan on the terms agreed by the Bank, the British Business Bank and the UK Government subject to certain eligibility criteria.

Corporation tax and other taxes including social security are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

Assets held under lease and hire purchase agreements are secured against the asset to which they relate.

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

	2021	2020
	£	£
Bank loans	425,836	-
Finance leases and hire purchase contracts	61,990	14,466
	<u>487,826</u>	<u>14,466</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

19. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	299,332	-
	<u>299,332</u>	<u>-</u>
Amounts falling due 1-2 years		
Bank loans	425,836	-
	<u>425,836</u>	<u>-</u>
	<u>725,168</u>	<u>-</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	42,596	30,355
Between 1-5 years	61,990	14,466
	<u>104,586</u>	<u>44,821</u>

21. Deferred taxation

	2021 £
At beginning of year	(58,865)
Charged to profit or loss	(51,433)
At end of year	<u>(110,298)</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

21. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021	2020
	£	£
Fixed asset timing differences	(112,269)	(62,045)
Short term timing differences	1,971	3,180
	<u>(110,298)</u>	<u>(58,865)</u>

22. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
16,667 (2020 - 16,667) Ordinary A shares of £1.00 each	16,667	16,667
8,333 (2020 - 8,333) Ordinary B shares of £1.00 each	8,333	8,333
	<u>25,000</u>	<u>25,000</u>

23. Reserves

Called up share capital

Represents the nominal value of shares that have been issued.

Capital redemption reserve

Includes share capital purchased by the Company.

Profit & loss account

Includes all current and prior period retained profits and losses.

24. 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 group to the fund and amounted to £37,556 (2020: £44,779). Contributions of £7,885 (2020: £16,738) were payable to the fund at the balance sheet date.

Notes to the Financial Statements

For the Year Ended 31 December 2021

25. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£	£
Within one year	42,597	30,355
Between 1-5 years	61,990	14,466
	<u>104,587</u>	<u>44,821</u>

26. Related party transactions

At the balance sheet date, amounts were payable to the directors of £274,759 (2020: £336,126). There were no other related party transactions.

27. Post balance sheet events

There are no post balance sheet events requiring disclosure.

28. Controlling party

The company is controlled by the directors.