
FREDERIC SMART & SON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023

FREDERIC SMART & SON LIMITED

COMPANY INFORMATION

DIRECTORS	D N Smart D B Jenkins
COMPANY SECRETARY	D N Smart
REGISTERED NUMBER	00879929
REGISTERED OFFICE	7 Papworth Business Park Stirling Way Papworth Everard Cambridge CB23 3GY
INDEPENDENT AUDITORS	Peters Elworthy & Moore Chartered Accountants & Statutory Auditors Salisbury House Station Road Cambridge CB1 2LA
BANKERS	NatWest Bank Station Place Letchworth Garden City SG6 3AL

FREDERIC SMART & SON LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2023**

INTRODUCTION

The directors presents their strategic report and business review, which includes the principal risks and uncertainties of the business, and key performance indicators.

BUSINESS REVIEW

Turnover in the year has increased 22% against the prior year, reflecting both continued high global commodity prices, and also the consolidation of R J Edwards and Sons Ltd from September 2022.

With trading margins remaining at a similar level, Profit before Tax of £2,415k represents a 14.5% year on year increase.

This continued profitability has led to a further strengthening of the balance sheet at the year end, and the directors remain confident that the company's ongoing performance, together with existing cash resources, will meet envisaged working capital requirements as well as ongoing investment.

The board plan to continue to invest and further develop the business across all areas.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk factors affecting the business are kept under constant review, and appropriate steps are taken to mitigate those risks.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors consider the key performance indicators of the success of the company to be turnover and profit, both of which are disclosed on the face of the accounts.

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

D N Smart
Director

Date: 20 December 2023

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2023**

The directors present their report and the financial statements for the year ended 31 May 2023.

PRINCIPAL ACTIVITY

The principal activity of the Group is agricultural trading, as well as offering a warehousing and distribution service specialising in food products.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,878,384 (2022 - £1,658,982).

Dividends of £98,137 were paid during the year (2022 - £147,206). No final dividends have been proposed.

DIRECTORS

The directors who served during the year were:

D N Smart

D B Jenkins (appointed 1 September 2022)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FUTURE DEVELOPMENTS

The directors intend to continue to grow all areas of the business.

FREDERIC SMART & SON LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023**

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

Under section 487(2) of the Companies Act 2006, Peters Elworthy & Moore will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

D N Smart
Director

Date: 20 December 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREDERIC SMART & SON LIMITED

OPINION

We have audited the financial statements of Frederic Smart & Son Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 May 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 May 2023 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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 Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from 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 AUDITORS' REPORT TO THE MEMBERS OF FREDERIC SMART & SON LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 AUDITORS' REPORT TO THE MEMBERS OF FREDERIC SMART & SON LIMITED (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Audit procedures performed by the engagement team to identify and assess the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, were as follows:

- we identified the laws and regulations applicable to the Company through discussions with management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements, including FRS 102, the Companies Act 2006 and taxation legislation, or the operations of the Company including data protection, employment and health and safety legislation;
- we obtained an understanding of the Company's policies and procedures on compliance with laws and regulations, including documentation of any instances of non-compliance;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit engagement team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREDERIC SMART & SON LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of fraud through management bias and override of controls. In addressing the risk of fraud through management bias and override of controls we:

- tested the appropriateness of journal entries and other adjustments;
- designed procedures to identify unexpected and unusual journal entries and performed testing to confirm the validity of such postings;
- assessed whether the accounting judgements made in the financial statements were indicative of potential bias; and
- evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREDERIC SMART & SON LIMITED (CONTINUED)

USE OF OUR REPORT

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

Warren Tilbury (Senior Statutory Auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge

CB1 2LA

Date: 20 December 2023

FREDERIC SMART & SON LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2023

	Note	2023 £	2022 £
Turnover	4	53,441,340	43,809,950
Cost of sales		(42,846,808)	(36,847,632)
GROSS PROFIT		10,594,532	6,962,318
Distribution costs		(2,793,267)	(2,612,855)
Administrative expenses		(5,511,558)	(2,283,181)
Other operating income	5	131,827	88,339
OPERATING PROFIT	6	2,421,534	2,154,621
Interest receivable and similar income	10	53,884	2,765
Interest payable and similar expenses	11	(59,982)	(47,529)
PROFIT BEFORE TAXATION		2,415,436	2,109,857
Tax on profit	12	(537,052)	(450,875)
PROFIT FOR THE FINANCIAL YEAR		1,878,384	1,658,982
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent Company		1,878,384	1,658,982

There were no recognised gains and losses for 2023 or 2022 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2023 (2022 - £NIL).

The notes on pages 15 to 37 form part of these financial statements.

FREDERIC SMART & SON LIMITED
REGISTERED NUMBER: 00879929

CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Intangible assets	14	827,877	-
Tangible assets	15	7,902,886	6,705,896
Investment property	17	805,718	805,718
		<u>9,536,481</u>	<u>7,511,614</u>
CURRENT ASSETS			
Stocks	18	234,702	119,301
Debtors: amounts falling due within one year	19	5,100,785	4,902,042
Cash at bank and in hand	20	4,778,501	5,561,756
		<u>10,113,988</u>	<u>10,583,099</u>
Creditors: amounts falling due within one year	21	(5,977,378)	(4,884,782)
		<u>4,136,610</u>	<u>5,698,317</u>
NET CURRENT ASSETS			
		<u>13,673,091</u>	<u>13,209,931</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	22	(796,724)	(2,320,596)
PROVISIONS FOR LIABILITIES			
Deferred tax	24	(420,346)	(213,561)
		<u>12,456,021</u>	<u>10,675,774</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	25	15,098	15,098
Capital redemption reserve	26	14,902	14,902
Profit and loss account	26	12,426,021	10,645,774
		<u>12,456,021</u>	<u>10,675,774</u>

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

D N Smart
Director

Date: 20 December 2023

The notes on pages 15 to 37 form part of these financial statements.

FREDERIC SMART & SON LIMITED
REGISTERED NUMBER: 00879929

COMPANY BALANCE SHEET
AS AT 31 MAY 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible assets	15	6,819,208	6,705,896
Investments	16	1,511,759	100
Investment property	17	805,718	805,718
		<u>9,136,685</u>	<u>7,511,714</u>
CURRENT ASSETS			
Stocks	18	196,371	119,301
Debtors: amounts falling due within one year	19	4,810,339	4,902,042
Cash at bank and in hand	20	4,313,478	5,561,656
		<u>9,320,188</u>	<u>10,582,999</u>
Creditors: amounts falling due within one year	21	(5,005,698)	(4,884,782)
		<u>4,314,490</u>	<u>5,698,217</u>
NET CURRENT ASSETS			
		<u>13,451,175</u>	<u>13,209,931</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	22	(796,724)	(2,320,596)
PROVISIONS FOR LIABILITIES			
Deferred taxation	24	(218,793)	(213,561)
		<u>12,435,658</u>	<u>10,675,774</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	25	15,098	15,098
Capital redemption reserve	26	14,902	14,902
Profit and loss account	26	12,405,658	10,645,774
		<u>12,435,658</u>	<u>10,675,774</u>

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

D N Smart
Director

Date: 20 December 2023

The notes on pages 15 to 37 form part of these financial statements.

FREDERIC SMART & SON LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
AT 1 JUNE 2021	15,098	14,902	9,133,998	9,163,998
Profit for the year	-	-	1,658,982	1,658,982
Dividends paid	-	-	(147,206)	(147,206)
AT 1 JUNE 2022	15,098	14,902	10,645,774	10,675,774
Profit for the year	-	-	1,878,384	1,878,384
Dividends paid	-	-	(98,137)	(98,137)
AT 31 MAY 2023	15,098	14,902	12,426,021	12,456,021

The notes on pages 15 to 37 form part of these financial statements.

FREDERIC SMART & SON LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
AT 1 JUNE 2021	15,098	14,902	9,133,998	9,163,998
Profit for the year	-	-	1,658,982	1,658,982
Dividends paid	-	-	(147,206)	(147,206)
	<hr/>	<hr/>	<hr/>	<hr/>
AT 1 JUNE 2022	15,098	14,902	10,645,774	10,675,774
Profit for the year	-	-	1,858,021	1,858,021
Dividends paid	-	-	(98,137)	(98,137)
	<hr/>	<hr/>	<hr/>	<hr/>
AT 31 MAY 2023	<u>15,098</u>	<u>14,902</u>	<u>12,405,658</u>	<u>12,435,658</u>

The notes on pages 15 to 37 form part of these financial statements.

FREDERIC SMART & SON LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2023**

	2023 £	2022 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,878,384	1,658,982
ADJUSTMENTS FOR:		
Amortisation of intangible assets	67,375	-
Depreciation of tangible assets	227,151	116,843
Loss on disposal of tangible assets	76,868	(999)
Interest expense	59,982	47,529
Interest income	(53,884)	(2,765)
Taxation charge	537,052	450,875
(Increase) in stocks	(50,608)	(11,803)
Decrease/(increase) in debtors	839,448	(1,687,802)
(Decrease)/increase in creditors	(692,399)	1,858,259
Corporation tax (paid)	(563,891)	(245,073)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,325,478	2,184,046
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(870,409)	(24,744)
Sale of tangible fixed assets	36,599	999
Acquisition of subsidiary, net of cash acquired	(703,687)	-
Interest received	53,884	2,765
HP interest paid	(384)	-
NET CASH FROM INVESTING ACTIVITIES	(1,483,997)	(20,980)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(1,467,001)	(196,374)
Dividends paid	(98,137)	(147,206)
Interest paid	(59,598)	(47,529)
NET CASH USED IN FINANCING ACTIVITIES	(1,624,736)	(391,109)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(783,255)	1,771,957
Cash and cash equivalents at beginning of year	5,561,756	3,789,799
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4,778,501	5,561,756
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	4,778,501	5,561,756

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

1. GENERAL INFORMATION

Frederic Smart & Son Limited is a private company limited by shares and incorporated in England and Wales. Its registered office is 7 Papworth Business Park, Stirling Way, Papworth Everard, Cambridge, CB23 3GY.

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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

2. ACCOUNTING POLICIES (CONTINUED)

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.

2.4 TURNOVER

Sale of goods

Turnover from the sale of goods is recognised (exclusive of Value added Tax and trade discounts), 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 turnover 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.

Rendering of services

Turnover from rendering of services is recognised (exclusive of Value added Tax and trade discounts) in the period in which the services are provided, when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due; and
- the costs incurred in provision of the services can be measured reliably.

Rental income from investment property

Rental income from the investment property is recognised (exclusive of Value added Tax and trade discounts) as revenue on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.5 INTEREST INCOME

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

2.6 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.

2.7 BORROWING COSTS

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

2.8 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.9 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 and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

OTHER INTANGIBLE ASSETS

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

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

The estimated useful lives range as follows:

Goodwill	-	10	years
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.11 TANGIBLE FIXED ASSETS

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- No depreciation charged
Short-term leasehold property	- over the period of the lease
Plant and machinery	- 10% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 10% - 25% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

2.13 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 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 stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.16 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 Consolidated 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 Group's cash management.

2.17 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.

2.18 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group 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 Group 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 MAY 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.19 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the Group's Balance Sheet when the Group 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 trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

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 Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.19 FINANCIAL INSTRUMENTS (CONTINUED)

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Group will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

2.20 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Investment property valuation

A judgement has been made by the directors as to the fair value of investment properties.

Depreciation

Depreciation is charged annually based on the management's estimate of economic useful life of the asset per the accounting policies above. A judgement has been made to not depreciate freehold buildings as the directors believe the residual value of the property is in line with fair value.

4. TURNOVER

An analysis of turnover by activity and geographical region has not been disclosed as, in the opinion of the directors, such disclosure would be detrimental to the interests of the company.

FREDERIC SMART & SON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

5. OTHER OPERATING INCOME

	2023	2022
	£	£
Net rents receivable	<u>131,827</u>	<u>88,339</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2023	2022
	£	£
Exchange differences	<u>(1,468)</u>	<u>(185)</u>

7. AUDITORS' REMUNERATION

During the year, the Group obtained the following services from the Company's auditors:

	2023	2022
	£	£
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	15,500	10,000

FREDERIC SMART & SON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	2,404,610	1,183,511	1,393,495	1,183,511
Social security costs	278,379	139,611	181,188	139,611
Cost of defined contribution scheme	33,939	18,173	19,704	18,173
	<u>2,716,928</u>	<u>1,341,295</u>	<u>1,594,387</u>	<u>1,341,295</u>

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

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Sales & Distribution	49	22	22	22
Administration	13	9	9	9
	<u>62</u>	<u>31</u>	<u>31</u>	<u>31</u>

9. DIRECTORS' REMUNERATION

	2023 £	2022 £
Directors' emoluments	<u>160,776</u>	<u>85,788</u>

10. INTEREST RECEIVABLE

	2023 £	2022 £
Other interest receivable	<u>53,884</u>	<u>2,765</u>

FREDERIC SMART & SON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £	2022 £
Bank interest payable	56,725	47,237
Other interest payable	2,873	292
Finance leases and hire purchase contracts	384	-
	<u>59,982</u>	<u>47,529</u>

12. TAXATION

	2023 £	2022 £
CORPORATION TAX		
Current tax on profits for the year	458,129	409,718
TOTAL CURRENT TAX	<u>458,129</u>	<u>409,718</u>
DEFERRED TAX		
Origination and reversal of timing differences	58,933	(13,286)
Changes to tax rates	19,990	54,443
TOTAL DEFERRED TAX	<u>78,923</u>	<u>41,157</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>537,052</u>	<u>450,875</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 20.00% (2022 - 19.00%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>2,415,436</u>	<u>2,109,857</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2022 - 19.00%)	483,151	400,873
EFFECTS OF:		
Expenses not deductible for tax purposes	13,425	45
Other fixed asset differences, adjustments & movements	24,692	(1,410)
Remeasurement of deferred tax for changes in tax rates	15,784	51,367
TOTAL TAX CHARGE FOR THE YEAR	<u>537,052</u>	<u>450,875</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

13. DIVIDENDS

	2023 £	2022 £
Dividends paid	<u>98,137</u>	<u>147,206</u>
	<u>98,137</u>	<u>147,206</u>

FREDERIC SMART & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

14. INTANGIBLE ASSETS

Group and Company

	Goodwill £
COST	
Additions	895,002
On acquisition of subsidiary	250
	<hr/>
At 31 May 2023	895,252
	<hr/>
AMORTISATION	
Charge for the year	67,375
	<hr/>
At 31 May 2023	67,375
	<hr/>
NET BOOK VALUE	
At 31 May 2023	827,877
	<hr/>
At 31 May 2022	-
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

15. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
COST						
At 1 June 2022	6,202,179	-	1,103,670	-	172,406	7,478,255
Additions	-	42,038	101,833	644,584	81,954	870,409
Acquisition of subsidiary	-	78,357	-	403,843	184,999	667,199
Disposals	-	-	-	(335,068)	-	(335,068)
At 31 May 2023	6,202,179	120,395	1,205,503	713,359	439,359	8,680,795
DEPRECIATION						
At 1 June 2022	-	-	634,464	-	137,895	772,359
Charge for the year on owned assets	-	7,163	111,369	83,804	24,815	227,151
Disposals	-	-	-	(221,601)	-	(221,601)
At 31 May 2023	-	7,163	745,833	(137,797)	162,710	777,909
NET BOOK VALUE						
At 31 May 2023	6,202,179	113,232	459,670	851,156	276,649	7,902,886
At 31 May 2022	6,202,179	-	469,206	-	34,511	6,705,896

Included in freehold property is freehold land at valuation and cost of £816,897 (2022 - £816,897), which is not depreciated.

Included in freehold property are building costs of £5,385,282 (2022 - £5,385,282), which are not depreciated as the directors believe the useful economic life and the high residual value of the building mean that depreciation is immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

15. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION						
At 1 June 2022	6,202,179	-	1,103,670	-	172,406	7,478,255
Additions	-	42,038	101,833	92,684	18,024	254,579
At 31 May 2023	6,202,179	42,038	1,205,503	92,684	190,430	7,732,834
DEPRECIATION						
At 1 June 2022	-	-	634,464	-	137,895	772,359
Charge for the year on owned assets	-	1,401	111,369	12,655	15,842	141,267
At 31 May 2023	-	1,401	745,833	12,655	153,737	913,626
NET BOOK VALUE						
At 31 May 2023	6,202,179	40,637	459,670	80,029	36,693	6,819,208
At 31 May 2022	6,202,179	-	469,206	-	34,511	6,705,896

Included in freehold property is freehold land at valuation and cost of £816,897 (2022 - £816,897), which is not depreciated.

Included in freehold property are building costs of £5,385,282 (2022 - £5,385,282), which is not depreciated as the directors believe the useful economic life and the high residual value of the building mean that depreciation is immaterial.

FREDERIC SMART & SON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

16. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £
COST	
At 1 June 2022	100
Additions	1,511,659
	<hr/>
At 31 May 2023	<u><u>1,511,759</u></u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
R J Edwards & Sons Limited	[1]		100
		Ordinary	%
Frederic Smart (Logistics) Limited	[1]		100
		Ordinary	%

[1] 7 Papworth Business Park Stirling Way, Papworth Everard, Cambridge, CB23 3GY

17. INVESTMENT PROPERTY

Group and Company

	Freehold investment property £
VALUATION	
At 1 June 2022	805,718
	<hr/>
AT 31 MAY 2023	<u><u>805,718</u></u>

The 2023 valuations were made by the directors, on an open market value for existing use basis.

FREDERIC SMART & SON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

18. STOCKS

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Finished goods and goods for resale	<u>234,702</u>	<u>119,301</u>	<u>196,371</u>	<u>119,301</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

19. DEBTORS

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Trade debtors	4,631,540	4,766,321	3,975,768	4,766,321
Amounts owed by group undertakings	-	-	685,124	-
Other debtors	111,375	102,873	99,375	102,873
Prepayments and accrued income	357,870	32,848	50,072	32,848
	<u>5,100,785</u>	<u>4,902,042</u>	<u>4,810,339</u>	<u>4,902,042</u>

20. CASH AND CASH EQUIVALENTS

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Cash at bank and in hand	<u>4,778,501</u>	<u>5,561,756</u>	<u>4,313,478</u>	<u>5,561,656</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	239,670	182,799	239,670	182,799
Trade creditors	3,381,073	3,741,501	2,820,695	3,741,501
Corporation tax	267,906	434,093	267,901	434,093
Other taxation and social security	166,687	41,287	100,650	41,287
Other creditors	861,299	140,451	864,019	140,451
Accruals and deferred income	1,060,743	344,651	712,763	344,651
	<u>5,977,378</u>	<u>4,884,782</u>	<u>5,005,698</u>	<u>4,884,782</u>

The bank loan is secured by fixed and floating charges over all property and undertakings of the Group.

22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	<u>796,724</u>	<u>2,320,596</u>	<u>796,724</u>	<u>2,320,596</u>

The bank loan is secured by fixed and floating charges over all property and undertakings of the Group.

23. LOANS

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans falling due within one year	239,670	182,799	239,670	182,799
Bank loans falling due between 1-2 years	796,724	187,889	796,724	187,889
Bank loans falling due between 2-5 years	-	2,132,707	-	2,132,707
	<u>1,036,394</u>	<u>2,503,395</u>	<u>1,036,394</u>	<u>2,503,395</u>

FREDERIC SMART & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

24. DEFERRED TAXATION

Group

	2023 £	2022 £
At beginning of year	213,561	172,404
Charged to profit or loss	78,923	41,157
Arising on business combinations	127,862	-
AT END OF YEAR	420,346	213,561

Company

	2023 £	2022 £
At beginning of year	213,561	172,404
Charged to profit or loss	5,232	41,157
AT END OF YEAR	218,793	213,561

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Accelerated capital allowances	435,346	221,061	233,793	221,061
Short term timing differences	(15,000)	(7,500)	(15,000)	(7,500)
	420,346	213,561	218,793	213,561

25. SHARE CAPITAL

	2023 £	2022 £
ALLOTTED, CALLED UP AND FULLY PAID		
15,098 (2022 - 15,098) Ordinary shares of £1.00 each	15,098	15,098

FREDERIC SMART & SON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

26. RESERVES**Capital redemption reserve**

Includes the nominal value of shares repurchased by the company in previous years.

Profit and loss account

Includes all current and prior year retained profits and losses net of dividends.

27. ANALYSIS OF NET DEBT

	At 1 June 2022	Cash flows	Acquisition and disposal of subsidiaries	Other non-cash changes	At 31 May 2023
	£	£	£	£	£
Cash at bank and in hand	5,561,756	(891,734)	108,479	-	4,778,501
Debt due within 1 year	(182,799)	182,799	-	(239,670)	(239,670)
Debt due after 1 year	(2,320,596)	1,284,202	-	239,670	(796,724)
	<u>3,058,361</u>	<u>575,267</u>	<u>108,479</u>	<u>-</u>	<u>3,742,107</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

28. BUSINESS COMBINATIONS

The Company acquired 100% of the issued shared capital of R J Edwards & Sons Limited for consideration of £1,511,659 on 24 August 2022.

ACQUISITION OF R J EDWARDS & SONS LIMITED

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

	Book value £	Fair value £
FIXED ASSETS		
Tangible	667,199	667,199
Intangible	250	250
	<u>667,449</u>	<u>667,449</u>
CURRENT ASSETS		
Stocks	64,793	64,793
Debtors	1,038,191	1,038,191
Cash at bank and in hand	108,479	108,479
	<u>1,878,912</u>	<u>1,878,912</u>
TOTAL ASSETS		
CREDITORS		
Due within one year	(1,194,818)	(1,194,818)
Deferred taxation	(67,437)	(67,437)
	<u>616,657</u>	<u>616,657</u>
TOTAL IDENTIFIABLE NET ASSETS		
Goodwill		895,002
		<u>1,511,659</u>
TOTAL PURCHASE CONSIDERATION		
CONSIDERATION		
		£
Cash		680,001
Contingent consideration		699,493
Directly attributable costs		132,165
		<u>1,511,659</u>
TOTAL PURCHASE CONSIDERATION		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

28. BUSINESS COMBINATIONS (CONTINUED)

CASH OUTFLOW ON ACQUISITION

	£
Purchase consideration settled in cash, as above	680,001
Directly attributable costs	132,165
	<u>812,166</u>
Less: Cash and cash equivalents acquired	(108,479)
NET CASH OUTFLOW ON ACQUISITION	<u>703,687</u>

29. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £33,939 (2022 - £18,173). Contributions totalling £NIL (2022 - £NIL) were payable to the fund at the balance sheet date and are included in creditors.

30. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than 1 year	566,046	13,174	11,046	13,174
Later than 1 year and not later than 5 years	2,220,000	11,046	-	11,046
Later than 5 years	2,127,500	-	-	-
	<u>4,913,546</u>	<u>24,220</u>	<u>11,046</u>	<u>24,220</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

31. RELATED PARTY TRANSACTIONS

The parent company prepares consolidated group accounts and, accordingly, the Group has taken advantage of the exemptions contained within FRS 102 paragraph 33.1A not to disclose transactions with wholly owned group undertakings.

Included within other creditors is a balance of £124,386 (2022 - £86,192) owed to the directors. This is interest free, unsecured and repayable on demand.

During the year ended 31 May 2021, a loan of £75,000 was made to a close family member of a director. The loan is interest free and repayable on demand. As at 31 May 2023, £75,000 was outstanding (2022 - £75,000) and is included within other debtors.

32. CONTROLLING PARTY

The Group is controlled by D N Smart, director, by virtue of his ownership of the majority of the issued share capital.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.