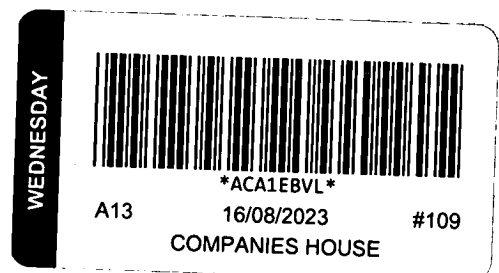


Company registration number 01042547 (England and Wales)

RENZACCI (U.K.) PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



RENZACCI (U.K.) PLC

COMPANY INFORMATION

Directors	Mr JG J Alexander Mr JG J Alexander	(Appointed 18 February 2023)
Company number	01042547	
Registered office	9 Marlin Park Central Way Feltham Middlesex United Kingdom TW14 0AN	
Auditor	Thomas Quinn The Station House 15 Station Road St Ives Cambridgeshire PE27 5BH	

RENZACCI (U.K.) PLC

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RENZACCI (U.K.) PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Review of the business

The Directors' are pleased to present to present the financial statements of the year.

The business has been able to pass on material increases in costs due to the inflationary environment, such as logistics costs, so this has not had an impact on margins.

The company is forecasting increased profit for the next reporting period.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from national and local retailers within the laundry equipment sector.

The business is also affected by the ability to pass on price increases, security and reliability of supply, the continued potential impacts of the Ukraine war and inflationary environment pushing up input costs. However, the Company's strategy to effectively manage its costs and supply base help to mitigate these risks.

The Company's exposure to foreign exchange currency fluctuations is managed through holding of multi currency funds.

The Company has taken necessary steps to secure the supply chain to maintain reliability of supply and limit the impact on the business of cost inflation. The Company continues to review pricing strategies to pass on cost inflation where appropriate.

Market prices

The Company is exposed to market prices for certain raw materials. Wherever appropriate, foreign currency forward contracts are undertaken at a Company level to minimise this exposure.

Liquidity risk

The Company reviews its funding and working capital requirements on a continual basis and ensures that financial facilities are available to meet these requirements in both the short and medium term.

Key performance indicators

The KPIs that are monitored include turnover growth, margin and profit before tax.

The Directors report a 2% decrease in the Company's turnover on a year-on-year basis for the 12 months to 31 March 2023 as a result of market forces in the year. The company's gross margin has remained steady at 38.9% (2022 38.9%),

The company reports an operating profit of £12k (2022 £79k).

On behalf of the board



Mr JG J Alexander
Director

9 August 2023

RENZACCI (U.K.) PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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

Principal activities

The principal activity of the company continued to be that of marketing industrial laundry and dry cleaning equipment, conveying and packaging equipment, together with air quality monitoring equipment

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr G Alexander	(Resigned 18 February 2023)
Mr JG J Alexander	
Mr JG J Alexander	(Appointed 18 February 2023)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 21 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Research and development

During the period the company has undertaken research and development.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

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

On behalf of the board



Mr JG J Alexander
Director

9 August 2023

RENZACCI (U.K.) PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

RENZACCI (U.K.) PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENZACCI (U.K.) PLC

Opinion

We have audited the financial statements of Renzacci (U.K.) Plc (the 'company') for the year ended 31 March 2023 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

RENZACCI (U.K.) PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RENZACCI (U.K.) PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 objectives of our audit in respect of fraud, are;

1. to identify and assess the risks of material misstatement of the financial statements due to fraud;
2. to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks;
3. and to respond appropriately to instances of fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

RENZACCI (U.K.) PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RENZACCI (U.K.) PLC

We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK Financial Reporting Standards as issued by the Financial Reporting Council and UK taxation legislation.

We obtained an understanding of how the companies complies with these requirements by discussions with management and those charged with governance.

We assess the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

We inquired of management and those charged with governance as to any known instance of non-compliance of suspected non-compliance with laws and regulations.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This includes making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's 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.



Mr Anthony Wright
Senior Statutory Auditor
For and on behalf of Thomas Quinn

9 August 2023

Chartered Accountants
Statutory Auditor

The Station House
15 Station Road
St Ives
Cambridgeshire
PE27 5BH

RENZACCI (U.K.) PLC

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Revenue	3	2,511,481	2,414,660
Cost of sales		(1,535,926)	(1,474,556)
Gross profit		975,555	940,104
Administrative expenses		(972,755)	(895,004)
Other operating income		9,085	34,054
Operating profit	4	11,885	79,154
Investment income	6	445	11
Finance costs	7	(3,865)	-
Profit before taxation		8,465	79,165
Tax on profit	8	5,627	(6,587)
Profit for the financial year		14,092	72,578
Retained earnings brought forward		10,524	(12,054)
Dividends	9	-	(50,000)
Retained earnings carried forward		24,616	10,524

The income statement has been prepared on the basis that all operations are continuing operations.

RENZACCI (U.K.) PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Non-current assets					
Property, plant and equipment	10		165,853		97,239
Current assets					
Inventories	11	88,128		80,650	
Trade and other receivables	12	339,039		141,928	
Cash and cash equivalents		246,085		463,637	
		673,252		686,215	
Current liabilities	13	(701,853)		(671,794)	
Net current (liabilities)/assets			(28,601)		14,421
Total assets less current liabilities			137,252		111,660
Non-current liabilities	14		(52,806)		(35,679)
Provisions for liabilities					
Deferred tax liability	17	9,274	(9,274)	14,901	(14,901)
Net assets			75,172		61,080
Equity					
Called up share capital	19		50,556		50,556
Retained earnings			24,616		10,524
Total equity			75,172		61,080

The financial statements were approved by the board of directors and authorised for issue on 9 August 2023 and are signed on its behalf by:



Mr JG J Alexander
Director

Company registration number 01042547 (England and Wales)

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Renzacci (U.K.) Plc is a private company limited by shares incorporated in England and Wales. The registered office is 9 Marlin Park, Central Way, Feltham, Middlesex, United Kingdom, TW14 0AN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Renzacci UK Holdings Limited. These consolidated financial statements are available from Companies House.

1.2 Going concern

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

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Plant and equipment	10% reducing balance
Motor vehicles	25% straight line

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

1.5 Impairment of non-current assets

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

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

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

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

1.6 Inventories

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

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

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Taxation

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

Current tax

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

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

1.13 Leases

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

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

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

1.14 Government grants

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

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

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.15 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Revenue

	2023 £	2022 £
Revenue analysed by class of business		
Sales, UK	2,498,528	2,411,902
Sales - type 1, rest of world	12,953	2,758
	<u>2,511,481</u>	<u>2,414,660</u>
	2023 £	2022 £
Revenue analysed by geographical market		
UK	2,498,528	2,411,902
World	12,953	2,758
	<u>2,511,481</u>	<u>2,414,660</u>
	2023 £	2022 £
Other revenue		
Interest income	445	11
Grants received	-	28,114
	<u>-</u>	<u>28,114</u>

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(118)	(554)
Government grants	-	(28,114)
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	7,500
Depreciation of owned property, plant and equipment	37,358	13,357
Loss/(profit) on disposal of property, plant and equipment	1,443	(2,981)
(Profit)/loss on disposal of intangible assets	-	465
Operating lease charges	45,000	45,000

5 Employees

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

	2023 Number	2022 Number
Administration and support	4	5
Sales	4	7
Total	8	12

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	335,870	337,633
Pension costs	7,251	1,081
	343,121	338,714

6 Investment income

	2023 £	2022 £
Interest income		
Interest on bank deposits	445	11

7 Finance costs

	2023 £	2022 £
Interest on bank overdrafts and loans	949	-
Interest on finance leases and hire purchase contracts	2,916	-
	3,865	-

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Taxation

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	(5,627)	6,587

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

	2023 £	2022 £
Profit before taxation	8,465	79,165
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 019%)	1,608	15,041
Tax effect of expenses that are not deductible in determining taxable profit	4,686	4,285
Effect of change in corporation tax rate	2,225	(2,377)
Group relief	23,772	10,620
Research and development tax credit	(37,918)	(20,982)
Taxation (credit)/charge for the year	(5,627)	6,587

9 Dividends

	2023 £	2022 £
Interim paid	-	50,000

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Property, plant and equipment

	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2022	203,233	55,214	258,447
Additions	-	118,680	118,680
Disposals	-	(14,457)	(14,457)
At 31 March 2023	203,233	159,437	362,670
Depreciation and impairment			
At 1 April 2022	131,486	29,722	161,208
Depreciation charged in the year	7,175	30,183	37,358
Eliminated in respect of disposals	-	(1,749)	(1,749)
At 31 March 2023	138,661	58,156	196,817
Carrying amount			
At 31 March 2023	64,572	101,281	165,853
At 31 March 2022	71,747	25,492	97,239

Tangible assets with a carrying amount of £49,531 (2022 - £25,416) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

11 Inventories

	2023 £	2022 £
Raw materials and consumables	88,128	80,650

12 Trade and other receivables

	2023 £	2022 £
Amounts falling due within one year:		
Trade receivables	224,512	80,687
Corporation tax recoverable	5,000	5,000
Amounts owed by group undertakings	59,828	4,602
Other receivables	39,400	39,400
Prepayments and accrued income	10,299	12,239
	339,039	141,928

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Current liabilities

	Notes	2023 £	2022 £
Bank loans	15	10,000	11,250
Obligations under finance leases	16	15,294	7,906
Trade payables		142,952	447,308
Taxation and social security		57,730	126,589
Other payables		2,062	2,063
Accruals and deferred income		473,815	76,678
		<u>701,853</u>	<u>671,794</u>

14 Non-current liabilities

	Notes	2023 £	2022 £
Bank loans and overdrafts	15	22,558	31,308
Obligations under finance leases	16	30,248	4,371
		<u>52,806</u>	<u>35,679</u>

15 Borrowings

	2023 £	2022 £
Bank loans	<u>32,558</u>	<u>42,558</u>
Payable within one year	10,000	11,250
Payable after one year	<u>22,558</u>	<u>31,308</u>

16 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	15,294	7,906
In two to five years	30,248	4,371
	<u>45,542</u>	<u>12,277</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	9,274	14,901
Movements in the year:		2023 £
Liability at 1 April 2022		14,901
Credit to profit or loss		(5,627)
Liability at 31 March 2023		9,274

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

18 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	7,251	1,081

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

19 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
Ordinary 10p shares of 10p each	5,555	5,555	556	556
	55,555	55,555	50,556	50,556

20 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

RENZACCI (U.K.) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Related party transactions

(Continued)

	Purchases 2023 £	Purchases 2022 £
Entities with control, joint control or significant influence over the company	<u>117,000</u>	<u>177,000</u>

21 Ultimate controlling party

The parent company is Renzacci UK Holdings Limited, registered in the UK. Consolidated accounts for the group can be obtained from Companies House.

The ultimate controlling party is Mr G Alexander.