

Company Registration No. 01105580 (England and Wales)

QUEST CONSUMABLES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

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QUEST CONSUMABLES LIMITED

COMPANY INFORMATION

Directors	M B Insley G Mangham S J Godrich
Secretary	G Mangham
Company number	01105580
Registered office	Westland Square Leeds LS11 5XS
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
Business address	Stock House Seymour Road Nuneaton Warwickshire CV11 4LB

QUEST CONSUMABLES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair Review of the Business

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

In March 2020 the trade and assets of fellow subsidiary FST Consumables Limited were transferred to Quest Consumables Limited as part of a group reorganisation. The transfer was completed at net book value. As a result of the transfer of traded, prior year comparatives are not directly comparable.

Turnover, gross profit margin and operating profit, the measures that the directors consider to be the key performance indicators, have all increased year on year in 2020. Operating Profit was ahead of budget.

Turnover

The turnover of the company has increased during the year by approximately 6.8%. The company was able to secure price increases from most customers even though the market remained extremely competitive. Whilst the 9 months of additional full value FST sales increased turnover, additionally the product profile was well suited to the PPE requirements of customers due to Covid 19, especially Nitrile Gloves. Going forward, in 2021, price increases will again be passed on to most customers and we will take further pro-active steps to secure new additional business and increase sales volumes.

Gross Profit

Overall gross profit has increased from £4,761,980 to £6,012,990. The significant increase in gross profit is mainly due to the addition of the FST business. The gross profit margin increase of 6.2% is the result of customer selling price increases off set by unavoidable supplier cost increases as well as the effect of selling stock to FST customers direct rather than to FST.

Operating Profit

Operating profit has increased to £1,429,757 from £957,376. This is mainly on the back of the increased gross margin. There have been significant increases in labour and overheads due to the absorption of the FST business (average employee numbers has risen from 87 to 111). Labour costs increased by £683,175 and lease costs increased by £215,597. The company received £270,055 in grants from the Governments furlough scheme

Dividend

A dividend of £2,000,000 was declared and paid in the year ended 31 December 2020 as a result of the excellent performance.

Financial Position

Net assets have fallen from £2,745,156 to £1,909,130 in the year, even with the increased profitability, mainly due to payment of the dividend described above. The main movements in financial position are as follows:

Stocks – Reduced by £229,219. The additional FST stock was mitigated by tight stock control in the year. BREXIT stocks were in place at the end of 2020 but at reduced levels from the end of 2019.

Bank balances – The net cash position of the company has worsened during 2020, reducing from a positive cash balance of £750,847 to an overdrawn balance of £36,194 at the 2020 year end. The reduction was principally the result of the dividend totalling £2,000,000.

Trade Creditors reduced by £605,974 as stock and purchasing levels reduced towards the year end compared to the end of 2019.

Amounts owed by and due to group undertakings increased by £602,000 and £1,481,959 respectively in the year, primarily as a result of the transfer of trade as described above.

QUEST CONSUMABLES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Principal Risks and Uncertainties

As for many companies of our size, the business environment in which we operate continues to be challenging given the current global slowdown and Covid-19 situation. 2021 has started with another lockdown in relation to Covid-19. Additionally there are some delays in goods moving in and out of the UK from the EU after BREXIT. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. However we will continue to show flexibility and respond to market conditions and opportunities as they arise.

Financial Risk Management and Policies

The main financial risks of the company relate to foreign exchange, credit (in relation to its trade receivables) and liquidity.

Foreign exchange risk

Currency risk management relating to transactional business, if significant, is dealt with by the use of currency derivatives, which are mainly foreign currency forward contracts. No such contracts existed during the year ended 31 December 2020 or at the year end. We will monitor the situation closely regarding BREXIT and Covid-19 and any future effect this will have on our business.

Credit risk (trade receivables)

The company's credit risk is primarily attributable to its trade receivables. It is company policy that all customers are granted credit subject to credit verification procedures. A rigorous system of credit control is applied and receivables are continually monitored. The amounts presented in the balance sheet are net of allowances for doubtful debts.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance. At present the company has no long term debt. The company has access to a £2.5 million group overdraft facility as part of the Rema Tip Top Holdings UK Limited group and utilizes its own overdraft facility where necessary.

Future Developments

In the coming 12 months the company aims to continue to grow sales by a combination of price and volume increases. This will be helped by the introduction of some new product ranges. We will continue to closely monitor labour and overhead costs to ensure ongoing profitability. We continue to review our succession planning and people development within the business.

By order of the board

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G Mangham
Secretary

Date: 22-2-21

QUEST CONSUMABLES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of the supply and distribution of workshop consumables and tools.

Directors

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

M B Insley
G Mangham
S J Godrich

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,000,000 (2019 - £nil). The directors do not recommend payment of a further dividend.

No preference dividends were paid (2019 - £nil).

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives and policies and future developments.

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board


G Mangham
Secretary

Date: 22-2-21

QUEST CONSUMABLES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST CONSUMABLES LIMITED

Opinion

We have audited the financial statements of Quest Consumables Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. 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 the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST CONSUMABLES LIMITED (CONTINUED)

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 set out on page 4, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST CONSUMABLES LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are compliance with FRS 102, the Companies Act 2006 and the Coronavirus Job Retention Scheme. We have performed a review of the financial statement disclosures and testing to supporting documentation and completion of disclosure checklists to identify areas of non-compliance. In respect of the Coronavirus Job Retention Scheme, we have made enquiries of management and those charged with governance, as to whether the entity is in compliance with such laws and regulations and we have reviewed, on a sample basis, submissions to HMRC in the period including matters relating to CJRS.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We have held discussions held with the Group Health and Safety Director and with the Company Secretary (responsible for compliance related matters), completed a review of minuted meetings by those charged with governance and, on a sample basis, undertaken a review of expenditure codes associated with legal/professional expenditure for indicators of non-compliance.

The audit engagement team identified the risk of management override of controls and the risk of fraud in revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and testing on a sample basis, in respect of reported revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

Hugh Fairclough (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL
23-2-2021

QUEST CONSUMABLES LIMITED

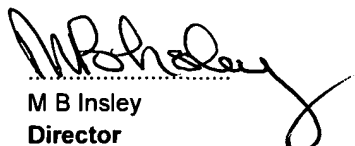
STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	14,837,738	13,888,852
Cost of sales		(8,824,748)	(9,126,872)
Gross profit		6,012,990	4,761,980
Distribution costs		(2,572,913)	(1,760,426)
Administrative expenses		(2,280,375)	(2,044,178)
Other operating income		270,055	-
Profit before taxation		1,429,757	957,376
Tax on profit	7	(265,783)	(177,836)
Profit for the financial year		1,163,974	779,540
Retained earnings brought forward		2,439,414	1,659,874
Dividends	8	(2,000,000)	-
Retained earnings carried forward		1,603,388	2,439,414

QUEST CONSUMABLES LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	9		167,843		188,751
Current assets					
Stocks	10	2,721,333		2,950,552	
Debtors	11	3,390,884		1,996,711	
Cash at bank and in hand		704		750,847	
		6,112,921		5,698,110	
Creditors: amounts falling due within one year	12	(4,358,937)		(3,131,570)	
Net current assets			1,753,984		2,566,540
Total assets less current liabilities			1,921,827		2,755,291
Provisions for liabilities	14		(12,697)		(10,135)
Net assets			1,909,130		2,745,156
Capital and reserves					
Called up share capital	16	305,742		305,742	
Profit and loss reserves	17	1,603,388		2,439,414	
Total equity			1,909,130		2,745,156

The financial statements were approved by the board of directors and authorised for issue on 22-2-21 and are signed on its behalf by:


M B Insley
Director

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Quest Consumables Limited ('the company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Westland Square, Leeds, LS11 5XS.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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.

Reduced disclosure framework

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' & Section 12 'Other Financial Instrument issues' – Interest income/expense and net gains/losses for financial instruments not measured at fair value, amount of any impairment loss, risks arising from financial instruments, and transferred financial asset not derecognised, loan defaults or breaches, and descriptions of hedging relationships;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Rema Tip Top Holdings UK Limited. These consolidated financial statements are available from its registered office, Westland Square, Leeds, LS11 5XS.

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 and to meet all liabilities as they fall due.

In arriving at this conclusion, the directors have considered the potential impact of Covid-19 on forecast trading and have prepared profit and loss based forecast model to 31 December 2021. In preparing those forecasts, the directors have made estimates such as the level of demand from customers in the short to medium term and the ongoing cost base of the group in the future.

Taking into account the revised forecasts, available cash headroom at the present date with no external borrowings, combined with strong trading performance against the prior year budget and post year end, the directors have a reasonable expectation that the group and company will be able to continue to meet its liabilities as they fall due for the foreseeable future for a period of at least 12 months from the signing of the financial statements.

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided to external customers in the ordinary course of business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

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.

Tangible fixed assets

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

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

Plant and equipment	5 years on cost
Fixtures and fittings	3-10 years on cost
Motor vehicles	5 years on cost

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.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. These are recognised in profit or loss.

Recognised impairment losses are reversed if, the reason for impairment loss has ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock 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.

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets 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.

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 creditors and amounts due to group undertakings, 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.

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

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year or prior year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted by the reporting date. Deferred tax is not discounted.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Employee benefits

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

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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.

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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.

Included within other operating income shown in the profit and loss account are amounts received from the UK Government in respect of the Coronavirus Job Retention Scheme (CJRS).

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.

Key sources of estimation uncertainty

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

Impairment of inventory

The company holds a high level of finished goods stock. As a result, it is necessary to estimate the recoverability of the cost of inventory and the associated provisioning required. When estimating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods. Actual outcomes may differ from the assumptions and estimates applied when reaching the year end amount. At 31 December 2020, the carrying value of the stock provision was £56,652 (2019 - £68,587).

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When estimating the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience. Actual outcomes may differ from the assumptions and estimates applied when reaching the year end amount. At 31 December 2020, the carrying value of the provision against trade and other debtors was £59,526 (2019 - £14,098).

Accrued expenditure

The company has included estimations of expenses that are expected to be incurred in relation to the renovation and maintenance of the properties out of which it operates.

When assessing the potential costs associated with occupying these properties, management considers factors including the type of activities undertaken by the company, the length of time the company has occupied the properties and historical experience of similar works. Actual outcomes may differ from the assumptions and estimates applied when reaching the year end amount. The carrying value of accrued expenditure subject to estimation uncertainty at 31 December 2020 was £255,233 (2019 - £326,954).

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

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

	2020 £	2019 £
Turnover analysed by class of business		
Supply and distribution of workshop consumables and tools	14,837,738	13,888,852
	<u>14,837,738</u>	<u>13,888,852</u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	14,661,142	13,627,539
Rest of Europe	176,596	261,313
	<u>14,837,738</u>	<u>13,888,852</u>

4 Employees

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

	2020 Number	2019 Number
Distribution	74	58
Administration	37	29
	<u>111</u>	<u>87</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,673,666	2,011,387
Social security costs	192,313	176,095
Pension costs	46,752	42,074
	<u>2,912,731</u>	<u>2,229,556</u>

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	109,923	103,758
Company pension contributions to defined contribution schemes	4,100	2,775
	<u>114,023</u>	<u>106,533</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

6 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Government grants - CJRS	(270,055)	-
Fees payable to the company's auditor for the audit of the company's financial statements	12,900	12,900
Depreciation of owned tangible fixed assets	60,599	53,354
Impairment of stocks recognised or reversed	(11,936)	-
Operating lease charges	<u>458,505</u>	<u>242,908</u>

7 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	<u>258,806</u>	<u>132,303</u>
Deferred tax		
Origination and reversal of timing differences	5,932	45,533
Changes in tax rates	<u>1,045</u>	<u>-</u>
Total deferred tax	<u>6,977</u>	<u>45,533</u>
Total tax charge	<u>265,783</u>	<u>177,836</u>

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	1,429,757	957,376
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	271,654	181,901
Tax effect of expenses that are not deductible in determining taxable profit	960	1,278
Effect of change in corporation tax rate	1,045	(5,356)
Group relief	(8,111)	-
Fixed asset differences	235	13
Taxation charge for the year	265,783	177,836

8 Dividends

	2020 £	2019 £
Final paid	2,000,000	-

Dividends paid in the year equated to £7.82 (2019 - £nil) per ordinary share.

9 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2020	165,535	312,007	20,502	498,044
Additions	14,495	25,196	-	39,691
At 31 December 2020	180,030	337,203	20,502	537,735
Depreciation and impairment				
At 1 January 2020	121,459	177,241	10,593	309,293
Depreciation charged in the year	10,287	46,212	4,100	60,599
At 31 December 2020	131,746	223,453	14,693	369,892
Carrying amount				
At 31 December 2020	48,284	113,750	5,809	167,843
At 31 December 2019	44,076	134,766	9,909	188,751

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Stocks

	2020 £	2019 £
Raw materials and consumables	873,107	1,201,520
Finished goods and goods for resale	1,848,226	1,749,032
	<u>2,721,333</u>	<u>2,950,552</u>

During the year, net reversals of impairment losses of £11,936 (2019 - £29,918) were recognised in respect of stock which had previously been provided against.

11 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	2,683,314	1,905,758
Amounts owed by group undertakings	602,000	-
Prepayments and accrued income	105,570	90,953
	<u>3,390,884</u>	<u>1,996,711</u>

12 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank overdraft	13	36,898	-
Trade creditors		1,072,566	2,256,331
Amounts due to group undertakings		1,602,220	120,261
Corporation tax		258,806	132,303
Other taxation and social security		162,741	50,128
Other creditors		-	92
Accruals and deferred income		1,225,706	572,455
		<u>4,358,937</u>	<u>3,131,570</u>

13 Borrowings

	2020 £	2019 £
Bank overdrafts	<u>36,898</u>	<u>-</u>
Payable within one year	<u>36,898</u>	<u>-</u>

The bank overdraft is secured by a fixed and floating charge over the company's assets. The overdraft is repayable on demand. This facility was renewed in June 2020 for a further 12 months.

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	12,754	15,494
Disallowable provisions	-	(5,359)
Short term timing differences	(57)	-
	<u>12,697</u>	<u>10,135</u>
		2020
Movements in the year:		£
Liability at 1 January 2020		10,135
Charge to profit or loss		6,977
Inter-company transfer		(4,415)
		<u>12,697</u>

15 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>46,752</u>	<u>42,074</u>

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

Included within creditors at the year end is amounts payable to the pension scheme of £nil (2019 - £nil).

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
255,742 Ordinary shares of £1 each	255,742	255,742
	<u>255,742</u>	<u>255,742</u>
Preference share capital		
Issued and fully paid		
50,000 Preference shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

All ordinary and preference shares rank pari passu with respect to voting rights, the rights to distribution of dividends and the payment of capital.

17 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

18 Financial commitments, guarantees and contingent liabilities

The entity has access to a group overdraft facility held by the company's immediate parent company. The facility is secured by a fixed and floating charge over the company's assets. The contingent liability at the year-end was £36,898 (2019 - £1,972,383).

The company is party to a group VAT registration including the former parent company, Firstserve Group Limited and fellow subsidiary company, FST Consumables Limited. At 31 December 2020 the contingent liability for VAT owed to HMRC was £92,463 (2019 - £92,618).

19 Operating lease commitments

Lessee

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

	2020 £	2019 £
Within one year	387,790	233,050
Between one and five years	214,147	389,853
	<u>601,937</u>	<u>622,903</u>

QUEST CONSUMABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Transfer of trade

The transfer of the trade and assets from a fellow subsidiary, FST Consumables Limited, completed on the 23 March 2020. The transfer was completed at net book value and FST Consumables Limited ceased to trade from the date of transfer.

21 Events after the reporting date

On 29 January 2021, the company entered into an 6 year operating lease agreement commencing on 16 September 2022 in respect of property, with annual commitments of £192,600.

22 Ultimate controlling party

The company is a wholly owned subsidiary of Firstserve Holdings Limited, a company registered in England and Wales.

The smallest group for which consolidated financial statements including Quest Consumables Limited are prepared is the group headed by Rema Tip Top Holdings UK Limited. The consolidated financial statements of Rema Tip Top Holdings UK Limited are available from its registered office: Westland Square, Leeds, LS11 5XS.

The largest group for which consolidated financial statements including Quest Consumables Limited are prepared is the group headed by OWG Beteiligungs AG, a company registered in Germany. The consolidated financial statements of OWG Beteiligungs AG are available from its registered office: Gruber Str. 65, 85586 Poing, Germany.

OWG Beteiligungs AG is the ultimate parent company. The directors are of the opinion that there was no identifiable ultimate controlling party at 31 December 2020.