

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE PERIOD  
1 JANUARY 2022 TO 30 SEPTEMBER 2022  
FOR  
FIRED EARTH LIMITED**

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**FIRE EARTH LIMITED**

**COMPANY INFORMATION**  
**For The Period 1 January 2022 to 30 September 2022**

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**DIRECTORS:**

P S Williams  
C E Roby-Welford  
T R Lousada

**REGISTERED OFFICE:**

Twyford Mill  
Oxford Road  
Adderbury  
Banbury  
Oxfordshire  
OX17 3SX

**REGISTERED NUMBER:**

01733704 (England and Wales)

**AUDITORS:**

Fortus Audit LLP  
1 Rushmills  
Bedford Road  
Northampton  
Northamptonshire  
NN4 7YB

**STRATEGIC REPORT**  
**For The Period 1 January 2022 to 30 September 2022**

The directors present their strategic report for the period 1 January 2022 to 30 September 2022.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'FRS 102'.

**PRINCIPAL ACTIVITIES**

The principal activities of the company continue to be that of retail, marketing and distribution of hand- made ceramic tiles, specialist interior finishes and home fashions products.

**REVIEW OF BUSINESS**

The company's performance during the period was as follows:

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Turnover</b>	11,709,058	14,803,427
<b>Loss before interest, tax, depreciation, amortisation, exceptional and income/ costs ("EBITDA")</b>	(279,637)	(510,627)
<b>Operating loss</b>	(488,030)	(808,321)
<b>Profit/ (loss) for the financial year attributable to members of the parent company</b>	94,956	3,143,403
<b>Average number of employees</b>	127	137

The turnover for the nine-month period at £11,709,058 was up 1.1% on the previous nine-month comparative period of January to September 2021 (£11,582,462). The EBITDA loss for the period was lower at £279,637 (2021 12 months: £510,627 loss) and the operating loss improved to £488,030 (2021 12 months: £808,321 loss).

Following a year of consolidation in 2021, Turnover has therefore remained stable whilst operating losses have been reduced.

Our web performance remains strong and retail sales increased across the like-for-like showrooms.

The closing shareholders' surplus at 2022 of £108,535 (31 December 2021: £13,089) improved in the year.

No dividends were declared in the year (31 December 2021: £nil).

**PRINCIPAL RISKS AND UNCERTAINTIES****Financial risk management**

In order to achieve our business objectives, the company must respond effectively to the associated risks. The company has established risk management procedures, involving the identification and monitoring of operational, regulatory, financial and market driven factors, at various levels throughout the business. The company takes a proactive approach to managing risks.

Changes in current economic conditions can have a sudden and material impact on the company. This makes awareness and flexibility key to mitigating risks in rapidly changing conditions and important in identifying relevant business opportunities.

**STRATEGIC REPORT**  
**For The Period 1 January 2022 to 30 September 2022**

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**Competition / market erosion**

The company operates in a number of competitive markets and as such the activities of our competitors can adversely affect the company. Competition in the market place, particularly from online retailers, can create pricing pressures. Furthermore, the heavy promotion of new competitor products can impact demand. A significant downwards pressure on pricing and or a reduction in demand might impact the company's ability to deliver its strategy and business plans.

To mitigate these risks:

- We have differentiated, high quality products and actively invest in new product and design to maintain our position.
- Constant monitoring of our market position and competitor strategies.

**General economic conditions**

The company's operations are sensitive to the current economic conditions and our exposure is most notable in the consumer and housing markets. Inflationary pressures have increased the cost base of the business, some of which has had to be passed on to the customer and, whilst consumer price increases are being seen across the sector, unstable inflation increases business risks around competitiveness and consumer spending habits. Improved economic conditions would bring benefits given the operational gearing of the company whereas adverse conditions can result in reduced demand for our products. We are still experiencing global supply chain disruption which puts pressure on shipping costs and current uncertainty about availability of shipping lines and product availability.

To mitigate these risks:

- The company tracks key economic metrics for the markets in which it operates. The data is used to identify early signs of change enabling the company to adjust its strategic plans and modify its investment priorities on a timely basis.
- The company seeks to increase international sales and to reduce individual market dependency.

**Health, safety and environmental**

The safety of employees, customers and visitors to our premises is of critical importance. As a business with a range of activities the company is exposed to a number of health and safety risks. The company is committed to adhering to environmental standards set by governments and other organisations. It recognises that an environmental incident could impact on the community in which we operate. Furthermore, the environmental performance and reputation of our products may affect customer demand and the environmental performance of our operations impact profitability and efficiency.

To mitigate these risks:

- We are committed to achieving the highest standards. We conduct regular audits to ensure compliance with relevant laws and regulations. We review both incidents and 'near misses' to establish their root cause.
- We have a health and safety executive committee with a focus on these aspects of the business.
- We follow well-established frameworks for Health & Safety with clear policies, procedures and audits in place.

**Legal and regulatory**

Compliance with laws and regulations is fundamental to the company's success. Changes to laws and regulatory requirements remain a source of both risk and opportunity throughout the company.

To mitigate these risks:

- The company is committed to compliance with relevant laws and regulations and sees this compliance as central to the operations.

**STRATEGIC REPORT**  
**For The Period 1 January 2022 to 30 September 2022**

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- We monitor the legal and regulatory environment within the countries in which we operate and maintain dialogue with relevant regulatory bodies. We take specialist public policy advice, if required. Management are tasked with ensuring that employees are aware of and comply with regulations and laws specific to their roles.

- In respect of product regulations our design team maintains an ongoing development programme to ensure that our product range remains compliant. This programme produces ever improving products which are also a source of opportunity for the company.

### **People**

The company requires skilled people to enable it to develop fully and exploit new opportunities. A failure to recruit quality personnel in a competitive market and develop existing talent might in time erode our competitive advantage. Further, a failure to plan adequately for succession could also damage the future prospects of the company.

To mitigate these risks:

- The company HR officer oversees the company's people strategy. This includes an annual review of its succession and personal development plans. The board is kept updated on key issues.

- Remuneration packages including fixed, variable and long-term elements and compensation arrangements are regularly benchmarked to ensure the company's remuneration policy remains in line with market practice.

### **Supply chain**

The company's operations require the timely supply of quality products and materials. Supply chain disruptions can adversely impact the company. Such disruptions include the failure of key suppliers. Quality issues in the supply chain can also adversely impact the company as faulty or substandard products are unacceptable.

To mitigate these risks:

- We closely monitor our supply chain and employ a range of strategies to reduce reliance on individual suppliers and minimise the impact of potential supplier failures.

- We conduct supplier audits to assess compliance with the terms of supply agreements including processes, product specifications and manufacturing conditions.

### **Foreign currency risk**

The company's main transaction exposures are in respect of products manufactured in one currency region and sold in another currency and exposure through the movement in exchange rates on purchases of raw materials and other goods that are not denominated in sterling. These are mainly imports from China and the United States of America ('US') which are denominated in US Dollars and imports of component parts from Europe which are denominated in Euros. To mitigate this, the currency exchange rates are reviewed on a regular basis and forward currency contracts may also be used to reduce exposure to variability of foreign exchange rates.

### **Liquidity and funding risk**

The company is financed by its parent company Fired Earth Holdings Limited, and ultimate controlling party Simon Lousada. The company has received funding from its parent company to enable it to invest in stock and capital investments in accordance with its business plan. The board is confident that the company can return to an operating profit in the near future.

### **Interest rate and cash flow risk**

The company's interest rate risk will be determined by changes in the financial markets and the company will continue to analyse its interest rate exposure on a regular basis.

**STRATEGIC REPORT**  
**For The Period 1 January 2022 to 30 September 2022**

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**Credit and price risk**

The company monitors closely the availability of trade finance to its customers and suppliers. In addition, the ability of our suppliers to maintain credit insurance on the company and its principal operations is an important issue. We have excellent relationships with our suppliers and we continue to work closely with them on a normal commercial basis. There are no significant concentrations of credit risk within the company. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the balance sheet date.

The company's operations are exposed to risk in the price movement of key raw materials and shipping costs. The company continues to review exposure to any remaining commodity risk and mitigates these risks wherever possible.

**FUTURE DEVELOPMENTS**

The directors are confident that the business will return to an operating profit and that growth is achievable in the future. The company continues to benefit from improved systems and a lower cost base resulting from new operational efficiencies.

Fired Earth Limited is owned by Fired Earth Holdings Limited which is part of a group of companies owned by Simon Lousada. We benefit from the financial support of the group.

**ON BEHALF OF THE BOARD:**

P S Williams - Director

20 March 2023

**REPORT OF THE DIRECTORS  
For The Period 1 January 2022 to 30 September 2022**

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The directors present their report with the financial statements of the company for the period 1 January 2022 to 30 September 2022.

**DIVIDENDS**

No dividends will be distributed for the period ended 30 September 2022.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

P S Williams  
C E Roby-Welford  
T R Lousada

**1. Disabled persons**

All applications for employment from disabled persons are given proper consideration and those recruited receive training, career development and promotion as their case warrants. Special attention is given to the particular needs of individuals who become disabled whilst employed by the company; including redeployment to other work if that is necessary and practicable.

**2. Employee participation**

The company has developed individual, mainly informal, methods of communication. Employees are provided with information relevant to the negotiations of terms and conditions, rationalisation and development of facilities and products. These communications are supplemented by the internal employees' website which highlights events during the year.

**3. Creditor payment policy**

The company is responsible for establishing appropriate policies with regard to the payment of their suppliers. The company agrees terms and conditions under which business transactions with suppliers are conducted. It is company policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with agreed terms. It is company policy to ensure that suppliers know the terms on which payment will take place when business is agreed.

The company's trade creditors as at 30 September 2022 equated to 37 days (31 December 2021: 24) of related purchases.

**4. Going concern**

The company has net assets at 30 September 2022. Its owners are willing to offer financial support for investment and growth in the business and the board of directors are confident that the company will return to operating profit which will strengthen the balance sheet. Outside influences remain a risk but the company is in a good position to manage these risks. As such, the directors believe it is appropriate to prepare the accounts on a going concern basis.

**5. Directors' qualifying third party indemnity provisions**

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

**6. Risks and uncertainties**

In accordance with the Companies Act 2006 section 414c(ii), the disclosure of the principal risks and uncertainties has been included in the Strategic Report.



**REPORT OF THE DIRECTORS**  
**For The Period 1 January 2022 to 30 September 2022**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Fortus Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

P S Williams - Director

20 March 2023

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
FIRED EARTH LIMITED**

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**Opinion**

We have audited the financial statements of Fired Earth Limited (the 'company') for the period ended 30 September 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FIRED EARTH LIMITED

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### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 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.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK GAAP and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes and discussions with those charged with governance.

We assess the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by discussion with management from various parts of the business to understand where they considered there was a susceptibility to fraud. We considered the procedures and controls that the company has established to prevent and detect fraud, and how these are monitored by management, and also any enhanced risk factors such as performance targets.

Based on our understanding, we designed our audit procedures to identify any non-compliance with laws and regulations identified in the paragraphs above.

We also performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
FIRED EARTH LIMITED**

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**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 a Report of the Auditors 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.

Dilun Mistry FCA (Senior Statutory Auditor)  
for and on behalf of Fortus Audit LLP  
1 Rushmills  
Bedford Road  
Northampton  
Northamptonshire  
NN4 7YB

23 March 2023

**FIRED EARTH LIMITED (REGISTERED NUMBER: 01733704)**

**STATEMENT OF COMPREHENSIVE  
INCOME**  
**For The Period 1 January 2022 to 30 September 2022**

		Period 1.1.22 to 30.9.22		Year ended 31.12.21	
	Notes	£	£	£	£
<b>TURNOVER</b>	3		11,709,058		14,803,428
Cost of sales			<u>5,143,505</u>		<u>6,802,155</u>
<b>GROSS PROFIT</b>			6,565,553		8,001,273
Distribution costs		1,098,177		1,456,054	
Administrative expenses		<u>5,955,406</u>		<u>7,754,392</u>	
			7,053,583		9,210,446
			(488,030)		(1,209,173)
Other operating income			<u>-</u>		<u>400,852</u>
			(488,030)		(808,321)
Exceptional items	5		<u>585,032</u>		<u>3,990,920</u>
			97,002		3,182,599
Interest payable and similar expenses	6		<u>(547)</u>		<u>539</u>
<b>PROFIT BEFORE TAXATION</b>	7		97,549		3,182,060
Tax on profit	9		<u>2,593</u>		<u>38,655</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>			94,956		3,143,405
<b>OTHER COMPREHENSIVE INCOME</b>			<u>-</u>		<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			<u>94,956</u>		<u>3,143,405</u>

The notes form part of these financial statements

**FIRED EARTH LIMITED (REGISTERED NUMBER: 01733704)**

**BALANCE SHEET**  
**30 September 2022**

	Notes	2022 £	£	2021 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		448,759		364,601
<b>CURRENT ASSETS</b>					
Stocks	11	3,469,494		2,764,424	
Debtors	12	1,481,878		1,263,089	
Cash at bank		<u>1,373,041</u>		<u>1,520,639</u>	
		6,324,413		5,548,152	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>4,957,466</u>		<u>3,797,461</u>	
<b>NET CURRENT ASSETS</b>			<u>1,366,947</u>		<u>1,750,691</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,815,706</u>		<u>2,115,292</u>
<b>PROVISIONS FOR LIABILITIES</b>	16		<u>1,707,171</u>		<u>2,102,203</u>
<b>NET ASSETS</b>			<u><u>108,535</u></u>		<u><u>13,089</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		9,790		9,300
Share premium	18		74,400		74,400
Retained earnings	18		<u>24,345</u>		<u>(70,611)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>108,535</u></u>		<u><u>13,089</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2023 and were signed on its behalf by:

P S Williams - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**  
**For The Period 1 January 2022 to 30 September 2022**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1 January 2021</b>	9,300	(3,214,016)	74,400	(3,130,316)
<b>Changes in equity</b>				
Total comprehensive income	-	3,143,405	-	3,143,405
<b>Balance at 31 December 2021</b>	9,300	(70,611)	74,400	13,089
<b>Changes in equity</b>				
Issue of share capital	490	-	-	490
Total comprehensive income	-	94,956	-	94,956
<b>Balance at 30 September 2022</b>	9,790	24,345	74,400	108,535

The notes form part of these financial statements

**CASH FLOW STATEMENT**  
For The Period 1 January 2022 to 30 September 2022

		Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
<b>Cash flows from operating activities</b>	Notes		
Cash generated from operations	1	(318,876)	(1,569,437)
Interest paid		547	(539)
Tax paid		-	1,867,689
Net cash from operating activities		<u>(318,329)</u>	<u>297,713</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<u>(405,658)</u>	<u>(221,058)</u>
Net cash from investing activities		<u>(405,658)</u>	<u>(221,058)</u>
<b>Cash flows from financing activities</b>			
Share issue		490	-
Loan from connected co		<u>575,899</u>	<u>1,213,443</u>
Net cash from financing activities		<u>576,389</u>	<u>1,213,443</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(147,598)</u>	<u>1,290,098</u>
<b>Cash and cash equivalents at beginning of period</b>	2	1,520,639	230,541
<b>Cash and cash equivalents at end of period</b>	2	<u>1,373,041</u>	<u>1,520,639</u>

The notes form part of these financial statements



**NOTES TO THE CASH FLOW STATEMENT**  
For The Period 1 January 2022 to 30 September 2022

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
Profit before taxation	97,549	3,182,060
Depreciation charges	208,393	297,694
Fixed asset impairment	113,107	104,142
Exceptional items	(395,032)	(2,090,717)
Finance costs	(547)	539
	<u>23,470</u>	<u>1,493,718</u>
Increase in stocks	(705,070)	(382,456)
(Increase)/decrease in trade and other debtors	(221,382)	397,986
Increase/(decrease) in trade and other creditors	<u>584,106</u>	<u>(3,078,685)</u>
<b>Cash generated from operations</b>	<u><u>(318,876)</u></u>	<u><u>(1,569,437)</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Period ended 30 September 2022**

	30.9.22 £	1.1.22 £
Cash and cash equivalents	<u>1,373,041</u>	<u>1,520,639</u>

**Year ended 31 December 2021**

	31.12.21 £	1.1.21 £
Cash and cash equivalents	<u>1,520,639</u>	<u>230,541</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.22 £	Cash flow £	At 30.9.22 £
<b>Net cash</b>			
Cash at bank	<u>1,520,639</u>	<u>(147,598)</u>	<u>1,373,041</u>
	<u>1,520,639</u>	<u>(147,598)</u>	<u>1,373,041</u>
<b>Total</b>	<u><u>1,520,639</u></u>	<u><u>(147,598)</u></u>	<u><u>1,373,041</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Period 1 January 2022 to 30 September 2022**

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**1. STATUTORY INFORMATION**

Fired Earth Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions and conditions. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Provision is made for the estimated liability on all products still under warranty based on historical experience. Provision is also made for goods returned based on the historical experience of management. Provision is made for onerous lease contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is also made for fixed asset impairments where the future economic benefit of the Shop fittings relating to onerous leased shops is expected to be lower than the net book value of assets. This required management to exercise its judgement in calculation of these provisions.

**Turnover**

Turnover which excludes value added tax and intra-group sales represents the invoiced value of goods and services supplied to customers. Revenue is recognised from the sale of goods when the significant risks and rewards of ownership of the goods have passed to the buyer and can be readily measured. This is deemed to be when the goods have been dispatched and the title has passed to the customer.

Rental income from operating leases of short leasehold properties is recognised on a straight-line basis on the term of the lease.

**Intangible assets**

Other intangible assets relate to lease premiums paid to get access to properties located in specific prime locations. The lease premium is amortised over the period of the lease.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- Over 50 years or the period of the lease
Plant, machinery, office equip & shop fittings	- Straight line over 3 years and Straight line over 10 years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**2. ACCOUNTING POLICIES - continued**

**Stocks**

Stocks are valued at the lower of cost and net realisable value, on a first in first out basis, based on estimated selling prices less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items based on the company's judgement of future realisation.

**Taxation**

Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

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

All leases are reviewed annually to assess whether they have become onerous leases.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Provisions**

Provision is made for the estimated liability on all products still under warranty. Product warranties of up to twelve months are given, where appropriate. Other provisions relate to minor legal and other claims and other costs from third parties and are provided for when a legal or constructive obligation arises, as a result of a past event and it is probable that an economic benefit will be required to settle the obligation. Provision has also been made to make good any dilapidations on leased shops during their rental period. Provision is made for onerous lease contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Period 1 January 2022 to 30 September 2022**

**2. ACCOUNTING POLICIES - continued**

**Going concern**

The company has net assets at 30 September 2022. The company has undertaken a significant restructure in 2021 which has allowed it to mitigate some of the future onerous lease liabilities it faced and, as part of the sale of the business in January 2021, previous intercompany loan balances were waived. These actions have allowed the company to mitigate some of its liabilities. With new owners to offer financial support for investment and growth in the business, the board of directors are confident that the company will return to profit in the short term which will strengthen the balance sheet. Outside influences such as Covid-19 and high inflation remain a risk but, with a smaller property footprint, the company is in a better position to manage these risks. As such, the directors believe it is appropriate to prepare the accounts on a going concern basis.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
United Kingdom	10,754,187	13,456,899
Europe	905,769	1,078,622
Rest of World	49,102	267,907
	<u>11,709,058</u>	<u>14,803,428</u>

**4. EMPLOYEES AND DIRECTORS**

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
Wages and salaries	2,525,526	3,171,048
Social security costs	233,548	274,278
Other pension costs	63,635	63,441
	<u>2,822,709</u>	<u>3,508,767</u>

The average number of employees during the period was as follows:

	Period 1.1.22 to 30.9.22	Year ended 31.12.21
Selling and distribution	105	117
Administration	<u>22</u>	<u>19</u>
	<u>127</u>	<u>136</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Period 1 January 2022 to 30 September 2022

4. **EMPLOYEES AND DIRECTORS - continued**

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
Directors' remuneration	150,900	190,800
Directors' pension contributions to money purchase schemes	<u>17,833</u>	<u>2,918</u>

5. **EXCEPTIONAL ITEMS**

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
Exceptional items	<u>585,032</u>	<u>3,990,920</u>

Net exceptional income of £585,032 was received in the period to 30 September 2022 relating to onerous lease provision, fixed asset impairments, and other provision adjustments.

Net exceptional income of £3,990,920 was received in the year ended 31 December 2021 relating to £1,093,169 in respect of the CVA net benefit, £2,712,609 in respect of loan write off and £358,631 relating to onerous leases provisions. Net of costs of £313,957 relating to professional fees in relation to the change of ownership and £104,142 fixed asset impairments relating to onerous leases.

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
Intra-group interest	<u>(547)</u>	<u>539</u>

7. **PROFIT BEFORE TAXATION**

The profit is stated after charging/(crediting):

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
Hire of plant and machinery	(72)	21,287
Other operating leases	973,290	1,771,965
Depreciation - owned assets	208,393	284,463
Other lease premiums amortisation	-	13,232
Foreign exchange differences	<u>134,726</u>	<u>8,639</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Period 1 January 2022 to 30 September 2022

8. AUDITORS' REMUNERATION

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>21,500</u>	<u>40,000</u>

9. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the period was as follows:

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
Deferred tax	<u>2,593</u>	<u>38,655</u>
Tax on profit	<u>2,593</u>	<u>38,655</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.1.22 to 30.9.22 £	Year ended 31.12.21 £
Profit before tax	<u>97,549</u>	<u>3,182,060</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	18,534	604,591
Effects of:		
Expenses not deductible for tax purposes	2,234	50,994
Income not taxable for tax purposes	-	(723,097)
Capital allowances in excess of depreciation	(3,430)	-
Depreciation in excess of capital allowances	-	7,266
Adjustment due to change in tax rates	36,203	-
Losses carried forward	<u>(50,948)</u>	<u>98,901</u>
Total tax charge	<u>2,593</u>	<u>38,655</u>

At Spring Budget 2021, the government announced an increase in the Corporation Tax main rate from 19% to 25% for companies with profits over £250,000. There is a small company rate of 19% for taxable profits under £50,000 and marginal relief available for profits falling between £50,000 - £250,000 with effect from 1 April 2023. Deferred tax has therefore been calculated at the future rate of 25%.

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Period 1 January 2022 to 30 September 2022

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant, machinery, office equip & shop fittings £	Totals £
<b>COST</b>			
At 1 January 2022	100,778	3,334,681	3,435,459
Additions	-	405,657	405,657
Disposals	-	(73,978)	(73,978)
At 30 September 2022	<u>100,778</u>	<u>3,666,360</u>	<u>3,767,138</u>
<b>DEPRECIATION</b>			
At 1 January 2022	100,778	2,970,080	3,070,858
Charge for period	-	208,393	208,393
Eliminated on disposal	-	(73,979)	(73,979)
Impairments	-	113,107	113,107
At 30 September 2022	<u>100,778</u>	<u>3,217,601</u>	<u>3,318,379</u>
<b>NET BOOK VALUE</b>			
At 30 September 2022	<u>-</u>	<u>448,759</u>	<u>448,759</u>
At 31 December 2021	<u>-</u>	<u>364,601</u>	<u>364,601</u>

Shop fittings relating to onerous leased shops have been impaired by £113,107 (2021: £104,142) in the period ended 30 September 2022 and the impairment has been included in the net exceptional income.

11. STOCKS

	2022 £	2021 £
Finished goods and good for resale	<u>3,469,494</u>	<u>2,764,424</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	125,115	170,592
Deferred tax asset	391,795	394,388
Prepayments and accrued income	<u>964,968</u>	<u>698,109</u>
	<u>1,481,878</u>	<u>1,263,089</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Period 1 January 2022 to 30 September 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	1,213,716	800,105
Amounts owed to group undertakings	2,796,516	2,220,617
Social security and other taxes	89,103	75,614
VAT	350,721	179,462
Other creditors	6,701	5,252
Accrued expenses	500,709	516,411
	<u>4,957,466</u>	<u>3,797,461</u>

14. LEASING AGREEMENTS

	Plant & Machinery 30 Sep 2022	31 Dec 2021	Land & Buildings 30 Sep 2022	31 Dec 2021
	£	£	£	£
Future minimum total rentals under non-cancellable operating leases:				
Within one year	11,688	14,295	773,522	1,025,196
Between one and two years	8,395	9,692	661,639	687,618
Between two and five years	2,269	3,956	1,386,509	1,539,429
More than five years	-	-	874,445	897,858
	<u>22,352</u>	<u>27,943</u>	<u>3,696,115</u>	<u>4,150,101</u>

15. SECURED DEBTS

There is fixed and floating charge on assets of Fired Earth Limited for the debenture issued by the parent company of Fired Earth Limited.

There is a further fixed charge on the bank deposit held by Lloyds Bank Plc that is held in the name of Fired Earth Limited.

16. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Other provisions		
Provision for Liabilities	<u>1,707,171</u>	<u>2,102,203</u>
	Deferred tax	Other provisions
	£	£
Balance at 1 January 2022	(394,388)	2,102,203
Charge/(credit) to Statement of Comprehensive Income during period	2,593	(395,032)
Balance at 30 September 2022	<u>(391,795)</u>	<u>1,707,171</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Period 1 January 2022 to 30 September 2022

16. PROVISIONS FOR LIABILITIES - continued

Provisions for liabilities

£	Dilapidation provision £	Warranty provision £	Other provisions £	Onerous lease provisions	Total
At beginning of year	934,120	17,000	46,000	1,105,083	2,102,203
Utilised in year	-	-	-	-	-
Transfer from accruals	-	-	-	-	-
(Credit)/charge in year	21,710	1,000	13,000	(430,742)	(395,032)
	<u>955,830</u>	<u>18,000</u>	<u>59,000</u>	<u>674,341</u>	<u>1,707,171</u>

**Dilapidations provision**

The company's shops leases are reviewed annually to ensure an adequate dilapidations provision is held.

**Warranty provision**

Provision is made for the estimated liability on all products still under warranty. Product warranties of up to twelve months are given, where appropriate for the company's main products.

**Other provisions**

Other provisions relate to a provision for goods returned which should be realised in the next accounting period.

**Onerous lease provisions**

Onerous lease provisions are made where leasehold shops become vacant or loss-making and the company provides for all associated costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease. The provision is expected to be utilised over the life of the related lease.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
93,000	Ordinary Share	£0.10	9,300	9,300
4,895	B Ordinary	£0.10	490	-
			<u>9,790</u>	<u>9,300</u>

4,895 B Ordinary shares of £0.10 each were allotted and fully paid for cash at par during the period.

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Period 1 January 2022 to 30 September 2022

18. **RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1 January 2022	(70,611)	74,400	3,789
Profit for the period	<u>94,956</u>		<u>94,956</u>
At 30 September 2022	<u>24,345</u>	<u>74,400</u>	<u>98,745</u>

**Share premium account**

This reserve records the amount above the nominal value received for the shares less transaction costs.

19. **ULTIMATE PARENT COMPANY**

The immediate parent company is Fired Earth Holdings Limited. The ultimate parent company is Lousada Holdings Limited. The ultimate controlling party is Simon Lousada by virtue of his majority shareholdings in Lousada Holdings Limited.

20. **CAPITAL COMMITMENTS**

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>42,643</u>	<u>40,168</u>

21. **RELATED PARTY DISCLOSURES**

Key Management Personnel are deemed to be the directors only. One director is remunerated for professional services by Lousada (London) Limited the parent company of Fired Earth Holdings Limited.

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