

ABLEBOX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

ABLEBOX LIMITED

COMPANY INFORMATION

Directors	S P Ainsworth T C Lloyd J C Lloyd A B Lloyd
Registered number	02547129
Registered office	23 Buckland Road Pen Mill Trading Estate Yeovil Somerset BA21 5HA
Independent auditors	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

Business Review and Future Developments

YE 2021 results demonstrate continued growth and success for Ablebox. Turnover increased by 21.8%, year-on-year, at £14.3m, ahead of sales target, achieving a Profit Before Tax of £2.64m.

It was a progressive year being the first full year with 100% vertical integration following the installation of the brand-new, state-of-the-art corrugator. This investment came at a pivotal time when the world had been hit by a global pandemic. Many businesses had to close with the population being forced to stay at home. However, segments of the corrugated industry saw an uplift in demand during the Covid pandemic and Ablebox was fortunate to have benefitted, utilising the new corrugator plus other key investments to provide a fundamental capacity advantage to cope with the increase in demand. The Company achieved stable, continuous supply to its customers without the protracted lead times which was seen by many Competitors.

The industry experienced rising raw material costs due to increased global pressure on the supply-demand balance for all raw materials, especially containerboard paper used for corrugated boxes. The rationale behind this was a combination of consumer demand increased, as the world locked down, and huge supply chain disruptions globally. The longer-term effects are continued movement towards shopping online, with deliveries made in boxes, and serious environmental concerns around the use of plastic packaging. This has further driven demand in environmentally friendly and sustainable paper-based packaging solutions. Where possible, these direct material cost increases were delayed - but inevitably unsustainable to absorb and needed to be passed onto Customers through price increases. However, this will have had a negative effect on gross profit margin. The business is focussed on adding value, driving efficiencies and general productivity to be leaner and make up for lost gross margin percentage.

Throughout the pandemic, the business quickly reacted to the everchanging situation of Covid by tightening internal controls and investing heavily in preventative measures to reduce the risks to its Employees, Customers and Suppliers, whilst continuing its trade and operations in a safe and efficient manner. The company remains in a strong position going into FY 2022.

Principal Risks and Uncertainties

a) Price risk - The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to price risk exceed any potential benefits.

b) Credit risk - The company has implemented policies for its finance operations that require appropriate credit checks on potential customers before finance is given. The nature of the company's main operations does not give rise to significant credit risk.

c) Liquidity risk - The company actively maintains debt finance in respect of bank loans, hire purchases and an invoice financing facility that is designed to ensure the company has sufficient available funds for operations and expansions. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

d) Covid-19 risk - the Covid-19 pandemic has presented potential operational and economic risks to the business. The company has introduced measures to mitigate these risks, and believes that the measures in place have limited the Company's exposure to the risk.

Key Performance Indicators

The Board monitor performance by reference to various key performance indicators. These performance indicators are reviewed and discussed at monthly Board Meetings:

	2021	2020
Turnover	£14.3m	£11.7m
Profit before Tax	£2.64m	£1.00m
EBITDA	£3.33m	£1.48m
EBITDA %	23.6%	12.7%

This report was approved by the board on 27 January 2022 and signed on its behalf.

S P Ainsworth
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2021**

The directors present their report and the financial statements for the year ended 30 April 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Principal activity

The principal activity of the company is to manufacture and distribute corrugated packaging.

Results and dividends

The profit for the year, after taxation, amounted to £2,123,350 (2020: £768,969).

Directors

The directors who served during the year were:

S P Ainsworth
T C Lloyd
J C Lloyd
A B Lloyd

Disclosure of information to auditors

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

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

S P Ainsworth

Director

Date: 27 January 2022

23 Buckland Road
Pen Mill Trading Estate
Yeovil
Somerset
BA21 5HA

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABLEBOX LIMITED

Opinion

We have audited the financial statements of Ablebox Limited (the 'Company') for the year ended 30 April 2021, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows; the analysis of net debt and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 and Financial Statements other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABLEBOX LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABLEBOX LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the wider economy, the industry and sector, the company's internal control environment as well as the company's performance;
- We have considered the results of enquires of management and the directors about their own identification and assessments of the risks and irregularities within the company;
- We have reviewed the documentation of key processes and controls. Moreover, we have performed walkthrough testing to confirm that the systems are operating inline with documentation and controls are being adhered to;
- We have considered any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- We have considered the matters discussed amongst the audit engagement team regarding how and where fraud may occur within the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

Furthermore, we have also identified and obtained an understanding of the legal and regulatory frameworks which govern the company. Laws and regulations that are of direct significance to the company and of which non-compliance could result in a material misstatement are considered to be: UK Companies Act, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which are fundamental to the company's ability to operate or avoid material penalty. These include: sale of goods act, employment laws, occupational health and safety and environment agency regulations regarding the disposal of waste.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- Enquiring of Directors and management concerning actual and potential litigation and claims;
- Performing procedures to confirm material compliance with the requirements of the above regulations;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABLEBOX LIMITED (CONTINUED)

- Reviewing minutes of Director meetings; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

Use of our report

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

Mark Munro FCA (Senior statutory auditor)
for and on behalf of

Bishop Fleming LLP

Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

28 January 2022

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 APRIL 2021**

	Note	2021 £	2020 £
Turnover	4	14,277,671	11,718,800
Cost of sales		(9,639,739)	(8,983,147)
Gross profit		4,637,932	2,735,653
Administrative expenses		(1,928,141)	(1,648,937)
Other operating income	5	28,890	-
Operating profit	6	2,738,681	1,086,716
Interest receivable and similar income		157	6
Interest payable and expenses	10	(102,237)	(84,073)
Profit before tax		2,636,601	1,002,649
Tax on profit	11	(513,251)	(233,680)
Profit after tax		2,123,350	768,969
Retained earnings at the beginning of the year		4,069,892	3,970,556
Profit for the year		2,123,350	768,969
Dividends declared and paid		(1,126,519)	(669,633)
Retained earnings at the end of the year		5,066,723	4,069,892

The notes on pages 13 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	9,530,280	9,322,791
		<u>9,530,280</u>	<u>9,322,791</u>
Current assets			
Stocks	14	854,245	849,097
Debtors: amounts falling due within one year	15	3,085,391	2,679,679
Cash at bank and in hand	16	780,531	25,899
		<u>4,720,167</u>	<u>3,554,675</u>
Creditors: amounts falling due within one year	17	(3,839,715)	(3,834,517)
		<u>880,452</u>	<u>(279,842)</u>
Net current assets/(liabilities)			
		<u>880,452</u>	<u>(279,842)</u>
Total assets less current liabilities		<u>10,410,732</u>	<u>9,042,949</u>
Creditors: amounts falling due after more than one year	18	(4,572,803)	(4,355,352)
Provisions for liabilities			
Deferred tax	20	(770,806)	(617,305)
		<u>(770,806)</u>	<u>(617,305)</u>
Net assets		<u>5,067,123</u>	<u>4,070,292</u>
Capital and reserves			
Called up share capital	21	210	210
Capital redemption reserve	22	190	190
Profit and loss account	22	5,066,723	4,069,892
		<u>5,067,123</u>	<u>4,070,292</u>

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

S P Ainsworth
Director

Date: 27 January 2022

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	2,123,350	768,969
Adjustments for:		
Depreciation of tangible assets	580,273	394,595
Loss on disposal of tangible assets	14,981	585
Government grants	(28,890)	-
Interest paid	102,237	84,073
Interest received	(157)	(6)
Taxation charge	513,251	233,680
(Increase) in stocks	(5,148)	(301,990)
(Increase) in debtors	(449,165)	(571,876)
(Decrease)/increase in creditors	(14,858)	819,098
Corporation tax received/(paid)	-	(147,924)
Net cash generated from operating activities	2,835,874	1,279,204
Cash flows from investing activities		
Purchase of tangible fixed assets	(910,921)	(2,964,081)
Sale of tangible fixed assets	108,178	3,557
Government grants received	28,890	-
Interest received	157	6
HP interest paid	(62,322)	(31,433)
Net cash from investing activities	(836,018)	(2,991,951)
Cash flows from financing activities		
New secured loans	2,966,979	1,963,028
Repayment of loans	(1,714,971)	(292,300)
Repayment of/new finance leases	(437,353)	(213,900)
Dividends paid	(1,126,519)	(669,633)
Interest paid	(39,915)	(52,640)
Net cash used in financing activities	(351,779)	734,555
Net increase/(decrease) in cash and cash equivalents	1,648,077	(978,192)
Cash and cash equivalents at beginning of year	(867,546)	110,646
Cash and cash equivalents at the end of year	780,531	(867,546)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	780,531	25,899
Bank overdrafts	-	(893,445)
	780,531	(867,546)

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 APRIL 2021**

	At 1 May 2020	Cash flows	New finance leases	Other non-cash changes	At 30 April 2021
	£	£	£	£	£
Cash at bank and in hand	25,899	754,632	-	-	780,531
Invoice financing facility	(893,445)	893,445	-	-	-
Debt due after 1 year	(3,388,098)	1,329,516	-	-	(2,058,582)
Debt due within 1 year	(321,738)	-	-	(144,940)	(466,678)
Finance leases	(1,024,424)	437,353	(2,466,979)	-	(3,054,050)
	<u>(5,601,806)</u>	<u>3,414,946</u>	<u>(2,466,979)</u>	<u>(144,940)</u>	<u>(4,798,779)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

1. GENERAL INFORMATION

Ablebox Limited is a private company limited by shares and is incorporated in England. The address of its registered office and principle place of business is 23 Buckland Road, Pen Mill Trading Estate, Yeovil, Somerset, BA21 5HA.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 GOING CONCERN

Despite the ongoing COVID-19 pandemic, the Company enjoyed a successful year to 30 April 2021 with increased levels of revenue and profitability. This trend has continued since the year-end.

The directors are confident about the future for the Company and, accordingly, have adopted the going concern basis for the preparation of these accounts.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.6 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 BORROWING COSTS

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

2.8 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. ACCOUNTING POLICIES (continued)

2.9 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.10 TANGIBLE FIXED ASSETS

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

Depreciation is provided on the following basis:

Land	-	Not depreciated
Freehold building	-	2% straight line
Plant and machinery	-	5-50% reducing balance
Motor vehicles	-	33% reducing balance
Fixtures, fittings and equipment	-	33% reducing balance
Operational software	-	5% straight line

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

Where software is integral to the company's operations and closely aligned with its plant and machinery, then the cost of such software is capitalised as a tangible fixed asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

2. ACCOUNTING POLICIES (continued)

2.11 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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

2.12 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

2.14 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

2. ACCOUNTING POLICIES (continued)

2.15 FINANCIAL INSTRUMENTS (CONTINUED)

for measuring any impairment loss is the current effective interest rate determined under the contract.

2.16 DIVIDENDS

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

3.

JUDGMENTS IN APPLYING ACCOUNTING POLICIES 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.

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

Useful economic lives of tangible assets

The annual depreciation charge is sensitive to any changes in the estimated useful life and residual values of tangible assets. The useful economic lives and residual value is assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation, physical condition of the asset and future investments.

Impairment of stocks

The company's products are subject to changing market demand. It is therefore necessary to consider on a periodic basis the recoverability of the cost of stocks and the associated impairment. Management calculates impairments by considering the nature and condition of the stocks and applies assumptions around anticipated saleability of finished goods and future usage of raw materials, overheads and labour.

Impairment of debtors

On a periodic basis management makes an estimation of the recoverability of debtors. Management makes such estimations based on the credit rating of debtors, the ageing profile, and historical experience.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sale of goods	<u>14,277,671</u>	<u>11,718,800</u>

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2021 £	2020 £
Government grants receivable	28,890	-
	<u>28,890</u>	<u>-</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	2,871	16,535
Other operating lease rentals	141,000	125,029
Depreciation	<u>580,274</u>	<u>394,594</u>

7. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>10,845</u>	<u>9,960</u>

FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:

Taxation compliance services	1,405	1,365
Other services relating to taxation	-	1,395
Services relating to corporate finance transactions	1,000	-
All other services	3,500	250
	<u>5,905</u>	<u>3,010</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

8. EMPLOYEES

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

	2021 £	2020 £
Wages and salaries	2,805,525	2,492,380
Social security costs	275,694	259,041
Cost of defined contribution scheme	157,629	76,966
	<u>3,238,848</u>	<u>2,828,387</u>

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

	2021 No.	2020 No.
Production	62	51
Administration and support	28	25
	<u>90</u>	<u>76</u>

9. DIRECTORS' REMUNERATION

	2021 £	2020 £
Directors' emoluments	61,292	109,086
Company contributions to defined contribution pension schemes	10,440	9,377
	<u>71,732</u>	<u>118,463</u>

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

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	2020 £
Bank interest payable	39,915	52,640
Finance leases and hire purchase contracts	62,322	31,433
	<u>102,237</u>	<u>84,073</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

11. TAXATION

	2021 £	2020 £
CORPORATION TAX		
Current tax on profits for the year	359,750	(43,453)
TOTAL CURRENT TAX	<u>359,750</u>	<u>(43,453)</u>
DEFERRED TAX		
Origination and reversal of timing differences	153,501	277,133
TOTAL DEFERRED TAX	<u>153,501</u>	<u>277,133</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>513,251</u>	<u>233,680</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2021 £	2020 £
Profit on ordinary activities before tax	<u>2,636,601</u>	<u>1,002,649</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	500,954	190,503
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,241	1,946
Fixed asset differences	11,056	974
Adjust closing deferred tax to average rate	-	40,257
TOTAL TAX CHARGE FOR THE YEAR	<u>513,251</u>	<u>233,680</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Following the balance sheet date, legislation has been substantively enacted which will increase the main rate of corporation tax from 19% to 25% from 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

12. DIVIDENDS

	2021 £	2020 £
Dividends	1,126,519	669,633
	<u>1,126,519</u>	<u>669,633</u>

13. TANGIBLE FIXED ASSETS

	F/hold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Operational s/ware £	Total £
COST OR VALUATION						
At 1 May 2020	3,448,243	6,579,859	974,814	222,372	1,518,297	12,743,585
Additions	-	802,521	108,400	-	-	910,921
Disposals	-	(607,570)	(68,035)	-	-	(675,605)
At 30 April 2021	<u>3,448,243</u>	<u>6,774,810</u>	<u>1,015,179</u>	<u>222,372</u>	<u>1,518,297</u>	<u>12,978,901</u>
DEPRECIATION						
At 1 May 2020	48,319	1,978,781	588,410	191,473	613,811	3,420,794
Charge for the year on owned assets	58,191	319,624	142,007	10,202	50,250	580,274
Disposals	-	(501,177)	(51,270)	-	-	(552,447)
At 30 April 2021	<u>106,510</u>	<u>1,797,228</u>	<u>679,147</u>	<u>201,675</u>	<u>664,061</u>	<u>3,448,621</u>
NET BOOK VALUE						
At 30 April 2021	<u>3,341,733</u>	<u>4,977,582</u>	<u>336,032</u>	<u>20,697</u>	<u>854,236</u>	<u>9,530,280</u>
At 30 April 2020	<u>3,399,924</u>	<u>4,601,078</u>	<u>386,404</u>	<u>30,899</u>	<u>904,486</u>	<u>9,322,791</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

13. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Plant and machinery	3,442,808	1,134,902
Motor vehicles	256,118	318,167
	<u>3,698,926</u>	<u>1,453,069</u>

14. STOCKS

	2021 £	2020 £
Raw materials	460,131	496,281
Finished goods	351,862	322,550
Other stock	42,252	30,266
	<u>854,245</u>	<u>849,097</u>

15. DEBTORS

	2021 £	2020 £
Trade debtors	2,875,816	2,399,274
Other debtors	3,000	44,524
Prepayments and accrued income	206,575	235,881
	<u>3,085,391</u>	<u>2,679,679</u>

16. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank and in hand	780,531	25,899
Less: invoice financing facility	-	(893,445)
	<u>780,531</u>	<u>(867,546)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Bank overdrafts	-	893,445
Bank loans	410,579	296,034
Trade creditors	1,595,378	1,808,214
Corporation tax	316,297	-
Other taxation and social security	479,418	297,534
Obligations under finance lease and hire purchase contracts	703,539	249,770
Other creditors	263,214	204,790
Accruals and deferred income	71,290	84,730
	<u>3,839,715</u>	<u>3,834,517</u>

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

	2021 £	2020 £
Bank loans	2,058,582	3,388,098
Net obligations under finance leases and hire purchase contracts	2,350,511	774,654
Accruals and deferred income	163,710	192,600
	<u>4,572,803</u>	<u>4,355,352</u>

19. LOANS

Analysis of the maturity of loans is given below:

	2021 £	2020 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	410,579	296,034
AMOUNTS FALLING DUE 1-5 YEARS		
Bank loans	977,529	1,406,081
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	1,081,053	1,982,017
	<u>2,469,161</u>	<u>3,684,132</u>

Bank loans, finance lease obligations and the invoice financing facility are secured against the assets of the company, including Tangible Fixed Assets (£9,530,280), Stock (£854,245) and Debtors (£3,085,391).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

20. DEFERRED TAXATION

	2021 £
At beginning of year	(617,305)
Charged to profit or loss	(153,501)
AT END OF YEAR	<u>(770,806)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Differences between accumulated depreciation and capital allowances	770,806	617,305
	<u>770,806</u>	<u>617,305</u>

21. SHARE CAPITAL

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
11,025 (2020: 11,025) Ordinary A shares of £0.01 each	110.25	110.25
5,250 (2020: 5,250) Ordinary C shares of £0.01 each	52.50	52.50
1,575 (2020: 1,575) Ordinary D shares of £0.01 each	15.75	15.75
3,150 (2020: 3,150) Ordinary E shares of £0.01 each	31.50	31.50
	<u>210.00</u>	<u>210.00</u>

22. RESERVES

Capital redemption reserve

The capital redemption reserve has arisen due to a historic company purchase of own shares of 190 ordinary shares with a nominal value of £190. The creation of the capital redemption reserve preserves the capital of the company.

Profit and loss account

The profit and loss account includes all accumulated profits and losses for the current and previous years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

23. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £157,629 (2020: £76,966). Contributions totalling £27,473 (2020: £22,543) were payable to the fund at the balance sheet date and are included in creditors.

24. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	141,000	133,283
Later than 1 year and not later than 5 years	539,626	40,626
Later than 5 years	640,000	-
	<u>1,320,626</u>	<u>173,909</u>

25. RELATED PARTY TRANSACTIONS

During the year the directors maintained a loan account with the company. At the year end the company owed the four directors £28,626 (2020: three directors £3,161) and one director owed the company £Nil (2020: £1,071). There has been no interest charged in the year and there are no set repayment terms.

The company paid rent of £120,062 (2020: £112,500) to a company pension scheme.

Dividends were paid to the directors during the year totalling £1,126,519 (2020: £669,633).

Remuneration paid to key management personnel was £71,732 (2020: £118,462).

26. CONTROLLING PARTY

There is no ultimate controlling party.

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.