

Registered number: 02687884

Amethyst Group Limited

Annual Report

For the Year Ended 31 December 2022

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Amethyst Group Limited

Company Information

Directors	B Chaing K Johnson
Company secretary	K Johnson
Registered number	02687884
Registered office	43 Friends Road Croydon United Kingdom CR0 1ED
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2nd Floor St John's House Haslett Avenue West Crawley RH10 1HS

Amethyst Group Limited

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Amethyst Group Limited

Strategic Report For the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Business review

The performance of the business has improved during 2022, with increased levels of profitability generated from a lower level of revenue. The business has refocused in the year, changing its mix of clients from high activity clients with lower profitability to lower activity higher margin work. During the year we welcomed the acquisition of Mercian Logistics Limited into the wider group and have started to increase the use of group transport companies as opposed to external distribution companies.

The directors are not aware of any likely major changes in the company's activities in the next year, and there have been no events since the year end affecting the company that require disclosure in the financial statements.

The company made a profit before tax for the year of £1,699,000 (2021: £84,000). The statement of financial position shows total assets of £42,674,000 (2021: £43,199,000), total liabilities of £33,371,000 (2021: £35,256,000) and net assets of £9,303,000 (2021: £7,943,000).

Principal risks and uncertainties facing the company

The performance of the company is to some extent determined by the sales performance of its clients. The range of markets covered by its clients and the quality of those clients helps to mitigate this risk, providing diversification and trading stability. The company is also dependant upon the performance of key service providers principally staffing agencies and transport providers. The company continually reviews the performance of its service providers to look for ways to mitigate risk.

During 2022 the ongoing risk from coronavirus has reduced as we have become used to new ways of working. As the UK government has moved from lock down to living with covid we have been able to adapt our working practices whilst maintaining safe working systems to maintain our commitment to providing a safe environment.

The company's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the operating divisions under policies approved by the Board of Directors.

Financial instruments

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The company does not have any material exposures in any of these areas and, consequently does not use derivative instruments to manage these exposures. The company's principal financial instruments comprise sterling cash and bank deposits, together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the company's financial instruments can be analysed as follows:

Price risk

The Company is not exposed to equity securities price risk or commodities price risk. The company is exposed to price risk in respect of utility bills and general inflation. Significant increases in energy costs have been incurred in the year and are expected to be sustained in future years. It is unlikely the company will be able to secure fixed price energy contracts in the short to medium term. High levels of inflation in the economy, coupled with increase in the national minimum wage, have also led to costs pressure.

Foreign currency risk

The company has no significant foreign currency risk as the majority of the company's transactions are carried out in sterling.

Credit risk

The company has no significant concentrations of customer credit risk. It has policies in place to ensure that sales of products and services are made to credit approved customers although not all of the customers are insurable.

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Strategic Report (continued) For the Year Ended 31 December 2022

Liquidity risk

The company is funded by shareholder's funds.

Company policy is to utilise invoice financing when required to cover working capital requirements.

Environment

The company's policy with regard to the environment is to understand and manage the actual and potential impact of activities. All legal requirements that are relevant to the company's business are complied with. The company has not incurred any fines or penalties or been investigated for any breach of environmental regulations during the period under review.

Employees

Maintaining the quality and commitment of employees is an important factor for the continued success of the company. Employees' performance is aligned to the company's objectives through an annual review process that is carried out with all employees.

Suppliers

The company's policy is to pay its suppliers in accordance with agreed credit terms. Creditor days calculated at the period end were 19 days (2021: 16 days).

Key performance indicators considered by the company

Key Performance Indicator	Dec - 22 Actual	Dec-21 Actual
Gross Margin [1]	23.5%	12.9%
Operating Margin [2]	13.1%	4.2%

Notes on key performance indicators

All key performance indicators have been calculated on the company's continuing businesses.


[1] - Gross Margin = Gross profit as a percentage of turnover

[2] - Operating Margin = Operating profit, excluding exceptional items, as a percentage of turnover

The operating margins have increased in 2022 compared to 2021. As discussed above this results from the change in mix of clients during the year.

This report was approved by the board on 27 September 2023

and signed on its behalf.


.....
K Johnson
Director

Amethyst Group Limited

Directors' Report For the Year Ended 31 December 2022

The directors present their annual report for the year ended 31 December 2022.

Principal activities

The company's principal activity during the year continued to be the provision of warehousing and logistics services.

Dividends

A dividend of £nil was paid during the year (2021: £3,280,000).

Directors

The directors who served during the year were as follows:

B Chaing
K Johnson

Going concern basis

The directors have considered carefully the appropriateness of adopting the going concern basis for these accounts.

The company is part of a larger group, headed by Chaing Equities Limited (the group) and the ability of the company to continue as a going concern is linked to the health of the group in general. The company and group has three primary sources of funding:

- Cash generated from the profits of the group;
- Loans from shareholders / directors (which are subordinate to the bank funding described below); and
- Bank facilities provided by HSBC UK Bank plc.

Although each company handles its own cash and bank accounts on a day to day basis, the group bank facilities and liquidity in general are managed centrally.

In considering the going concern basis, the directors have prepared a forecast model including monthly profit and loss accounts, balance sheets and cash flows for the period to 31 December 2024. The forecast is built on a bottom up basis, company by company, and adopts 2022 as its base year. The results for 2022 are based on the actual results. Following the successful roll-out of vaccines and subsequent relaxation of Covid restrictions during 2021, the impact of Covid-19 on the forecast is very limited. However, current high rates of inflation, increasing interest rates and the threat of recession may impact the company and the forecast assumes no significant growth generally.

The group as a whole has different lines of business and operates across several European countries. The impact of recession may differ across different countries and different businesses.

In our chemicals and materials business, there was a definite downturn in demand during the initial lockdowns across all territories and turnover fell significantly. 2021 saw some improvement as the effects of Covid eased and this continued into 2022 with Lantor in particular seeing rapid growth in sales. The operations of these companies were also affected in 2021 by a worldwide shortage of raw materials and spiralling transport costs although again, this eased somewhat in the first half of 2022. As a manufacturing entity, Lantor has been particularly impacted by increases in energy costs and has seen a near quadrupling of annual spend on energy costs since 2020. However, that has eased slightly toward the end of 2022 and in early 2023. This is not assumed to improve further, indeed total costs are forecast to be higher, although gas prices have dropped a little in recent months. Cost increases have been mitigated by growth in sales and strong cost control.

Our logistics businesses, which operate predominantly in the UK, benefited from increased consumer demand online during the Covid pandemic. As anticipated this has softened during 2022 and the threat of recession means this is unlikely to improve for the time being. However, over the last 12 months our sales mix has also moved more toward B2B and long term storage customers and this helped us to significantly improve margins during 2022.

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Directors' Report (continued) For the Year Ended 31 December 2022

With regard to bank facilities, these fall into two main categories:

- Invoice Finance facilities - these provide working capital funding for many of the group companies, particularly those in the UK.
- Senior debt loan facilities that were used to fund previous acquisitions.

The loan facilities are fully drawn, but the invoice finance facilities are not. Whilst the drawn balance on invoice finance facilities fluctuates according to need, those facilities have never been fully drawn and there is no expectation that they will be. This is supported by the forecasts, which assume no additional draw on these facilities and suggest that considerable headroom will remain available. Cash balances and availability against these facilities are actively monitored by group management on a weekly basis.

The bank facilities contain certain covenants that need to be met. The principal covenants relate to leverage and debt service, ratios that take a measure of EBITDA divided by debt and a measure of cash flow divided by debt service respectively. Our leverage must remain below 2.5x (excluding working capital facilities). Our cash flows must remain above 1.2x debt service requirements. These covenants have been met throughout 2021, 2022 and 2023 to date and the forecasts indicate that they will continue to be met.

The facilities secure funding for the group until Q1 2025.

In forming their conclusion the directors have also considered various alternative scenarios, principally incorporating unexpected falls in sales into the forecast. In all scenarios the forecasts show continued strong levels of cash and continuing availability against invoice finance facilities. This also ignores any further mitigating actions that management could take if required, for example, further working capital management and/or cost reductions.

As a consequence the directors consider it appropriate to adopt the going concern basis for these accounts.

Employees

During the year, the directors have continued to provide employees with relevant information and to seek their views on matters of concern through their representatives. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

The directors have maintained the company's established policy of giving full and fair consideration to applications for employment from disabled persons, and to continue the employment and training of employees who become disabled during their employment with the company.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including UK-adopted international accounting standards). 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 and profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Amethyst Group Limited

**Directors' Report (continued)
For the Year Ended 31 December 2022**

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the financial statements, prepared in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to the auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 27 September 2023 and signed on its behalf.

Kevin Johnson

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K Johnson
Director

Amethyst Group Limited

Independent Auditors' Report to the Members of Amethyst Group Limited

Opinion

We have audited the financial statements of Amethyst Group Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to International Financial Reporting Standards (IFRSs) as issued by the IASB

As explained in Note 3.1 to the financial statements, the company in addition to applying UK-adopted international accounting standards, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements give a true and fair view of the financial position of the company as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

Basis for opinion

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

Amethyst Group Limited

Independent Auditors' Report to the Members of Amethyst Group Limited (continued)

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from the macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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Independent Auditors' Report to the Members of Amethyst Group Limited (continued)

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- *We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (International Financial Reporting Standard);*
- *In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices;*
- *We understood how the company are complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies;*

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Independent Auditors' Report to the Members of Amethyst Group Limited (continued)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries that increased revenues; and
 - potential management bias in management journals, determining accounting estimate and any significant transactions outside of the normal conduct of business operations.
- Our audit procedures involved:
 - evaluation of the design effectiveness and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on journals with a material impact on profit;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement lead assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations through the following:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
 - knowledge of the industry in which the client operates.

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.

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Independent Auditors' Report to the Members of Amethyst Group Limited (continued)

Use of our report

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

Grant Thornton UK LLP

Adam Terry BSc FCA (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
Crawley

Date: 27/9/2023

Amethyst Group Limited**Statement of Comprehensive Income
For the Year Ended 31 December 2022**

	Note	2022 £000	2021 £000
Revenue	6	19,765	26,459
Cost of sales		(15,122)	(23,046)
Gross profit		4,643	3,413
Other income	8	-	9
Administrative expenses		(2,090)	(2,399)
Operating profit	7	2,553	1,023
Finance income	10	7	-
Finance expense	10	(861)	(939)
Profit before taxation		1,699	84
Tax (expense)/credit	11	(339)	195
Profit for the year		1,360	279
Total comprehensive income for the year attributable to shareholders		1,360	279

The above results were derived from continuing operations.

The notes on pages 18 to 44 form part of these financial statements.

Amethyst Group Limited
Registered number: 02687884

Statement of Financial Position
As at 31 December 2022

	Note	2022 £000	2021 £000
ASSETS			
Non-current assets			
Property, plant and equipment	13	25,912	28,059
Goodwill	12	7,619	7,619
Deferred tax asset	20	-	89
		<u>33,531</u>	<u>35,767</u>
Current assets			
Inventories	15	153	153
Trade and other receivables	16	7,245	5,044
Cash and cash equivalents	17	1,745	2,235
		<u>9,143</u>	<u>7,432</u>
TOTAL ASSETS		<u>42,674</u>	<u>43,199</u>
LIABILITIES			
Non-current liabilities			
Lease liability	14	23,188	25,185
Provisions	19	1,115	974
Deferred tax liability	20	24	-
		<u>24,327</u>	<u>26,159</u>
Current liabilities			
Trade and other payables	18	2,478	2,851
Current tax liabilities		548	792
Lease liability	14	2,819	2,865
Provisions	19	3,199	2,589
		<u>9,044</u>	<u>9,097</u>
TOTAL LIABILITIES		<u>33,371</u>	<u>35,256</u>
SHAREHOLDERS' EQUITY			
Share capital	21	4,940	4,940
Capital redemption reserve	22	1,200	1,200
Retained earnings	22	3,163	1,803
TOTAL SHAREHOLDERS' EQUITY		<u>9,303</u>	<u>7,943</u>
TOTAL EQUITY AND LIABILITIES		<u>42,674</u>	<u>43,199</u>

Amethyst Group Limited
Registered number: 02687884

Statement of Financial Position (continued)
As at 31 December 2022

The financial statements were approved by the board and authorised for issue on²⁷September 2023 and signed on behalf of the board by:

Kevin Johnson

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K Johnson
Director

The notes on pages 18 to 44 form part of these financial statements.

Amethyst Group Limited**Statement of Changes in Equity
For the Year Ended 31 December 2022**

	Share capital £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 1 January 2021	4,940	1,200	4,804	10,944
Profit for the year	-	-	279	279
Total comprehensive income for the year	-	-	279	279
Dividends	-	-	(3,280)	(3,280)
Total contributions by and distributions to owners	-	-	(3,280)	(3,280)
At 31 December 2021	4,940	1,200	1,803	7,943
At 1 January 2022	4,940	1,200	1,803	7,943
Profit for the year	-	-	1,360	1,360
Total comprehensive income for the year	-	-	1,360	1,360
At 31 December 2022	4,940	1,200	3,163	9,303

The notes on pages 18 to 44 form part of these financial statements.

Amethyst Group Limited**Statement of Cash Flows
For the Year Ended 31 December 2022**

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit for the year		1,360	279
Adjustments to cash flows from non-cash items:			
Depreciation	13	3,251	3,103
Finance income	10	(7)	-
Finance costs	10	861	939
Provision for dilapidations and rates		751	588
Loss on disposal of property, plant and equipment		-	(8)
Tax	11	339	(195)
		<u>6,555</u>	<u>4,706</u>
Operating cash flows before movements in working capital			
Working capital adjustments:			
(Increase)/decrease in receivables		(2,299)	5,941
Increase in inventories		-	(23)
Increase/(decrease) in payables		(617)	(3,372)
		<u>3,639</u>	<u>7,252</u>
Cash generated by operations			
Interest paid		(14)	(29)
Tax paid		(128)	(630)
		<u>3,497</u>	<u>6,593</u>
Net cash from operating activities			
Investing activities			
Purchases of property, plant and equipment		(95)	(114)
Interest received		7	-
		<u>(88)</u>	<u>(114)</u>
Net cash used in investing activities			
Financing activities			
Dividends paid		-	(3,280)
Repayment to lease liabilities and interest		(3,899)	(3,163)
		<u>(3,899)</u>	<u>(6,443)</u>
Net cash used in financing activities			
Net cash (decrease)/increase in cash and cash equivalents		<u>(490)</u>	<u>36</u>
Cash and cash equivalents at the beginning of year		2,235	2,199
Cash and cash equivalents at the end of the year		<u>1,745</u>	<u>2,235</u>

The notes on pages 18 to 44 form part of these financial statements.

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

Amethyst Group Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the company's operations and its principal activities are set out in the Directors' Report and Strategic Report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The address of its registered office is:

43 Friends Road
Croydon
United Kingdom
CR0 1ED

The address of its principal place of business is:

Unit 3
Wellesbourne Distribution Park
Loxley Road
Wellesbourne
Warwick
CV35 9JY

2. Adoption of new and revised standards

i) New standards, interpretations and amendments effective

During the financial year, there were no new IFRSs or IFRIC interpretations that were effective for the first time that would be expected to have a material impact on the company.

The following pronouncements have been adopted in the year and either had no impact on the financial statement or resulted in changes to presentation and disclosure only:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- References to Conceptual Framework (Amendments to IFRS 3).

iii) New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the following standards, interpretations and amendments relevant to the company, which have not been applied in these financial statements, were in issue but not yet effective:

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants)

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

None of the other standards, interpretations and amendments which are effective for periods beginning after 31 December 2022 and which have not been adopted early are expected to have a material effect on the financial statements. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

3. Accounting policies

3.1 Statement of compliance and basis of accounting

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including standards and interpretations issued by the International Accounting Standards Board (IASB) and in accordance with UK-adopted international accounting standards.

Basis of accounting

These financial statements have been prepared on the historical cost basis.

The preparation of financial statements in accordance with UK-adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied to all periods presented.

Presentation of financial statements in accordance with IAS 1 (Revised 2007)

The financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007). The company has elected to present the "Statement of comprehensive income" as a single statement. Two comparative periods are presented for the statement of financial position when the company:

- applies an accounting policy retrospectively;
- makes a retrospective restatement of items in its financial statements; or
- reclassifies items in the financial statements.

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.2 Revenue

Revenue arises mainly from the provision of warehousing services.

To determine whether to recognise revenue, the company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The company often enters into transactions involving a range of the company's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other payables in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

For warehousing services, performance obligations are satisfied and revenue is recognised on the basis of activity performed by the company in the supply of the service. Invoices are raised as activity is performed.

3.3 Goodwill

Goodwill relates to the acquisition of the trade, assets and liabilities of CPD Logistics Limited in 2005. Goodwill arising on the acquisition is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment.

For the purposes of impairment testing, goodwill is allocated to units of the business from which independent cash flows can largely be attributed ("cash-generating units"). Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss is recognised immediately in profit or loss. An impairment loss for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.4 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. The company recognises the carrying amount of property, plant and equipment, and the subsequent costs of replacing part of such items when there is an indication of future economic benefit. All other costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income as an expense as they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

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

Leasehold improvements	Shorter of lease life and 15 years on a straight line basis
Plant and equipment	Between 3 and 15 years on a straight line basis

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

3.5 Impairment of tangible assets excluding goodwill

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

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

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

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.6 Leasing

All leases are negotiated on an individual basis and contain a wide variety of different terms and conditions.

The company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee:

At the lease commencement date, the company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which comprises of the initial measurement of the liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The company depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs include all directly attributable expenditure necessary to bring the stocks to their existing condition and location.

3.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

3.9 Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period comprise cash at bank and in hand.

3.10 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the periods of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.12 Taxation

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

Current tax

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

Deferred tax

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that such taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

3.13 Foreign currencies

The financial statements have been prepared in pounds sterling, the company's functional currency.

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

All other exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.14 Retirement benefit costs

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

3.15 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised on future operating losses.

3.16 Financial assets and liabilities

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the company does not have any financial assets categorised as FVTPL or FVOCI.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Accounting policies (continued)

Impairment of financial assets

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 205:205'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics that have been grouped based on the days past due.

Classification and measurement of financial liabilities

The company's financial liabilities include borrowings, leases, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are reported in profit or loss and are included within finance costs or finance income.

3.17 Going concern

The directors have considered carefully the appropriateness of adopting the going concern basis for these accounts.

The Company is part of a larger group, headed by Chaing Equities Limited (the Group) and the ability of the Company to continue as a going concern is linked to the health of the Group in general. The Company and Group has three primary sources of funding:

- Cash generated from the profits of the group;
- Loans from shareholders / directors (which are subordinate to the bank funding described below); and
- Bank facilities provided by HSBC UK Bank plc.

Although each company handles its own cash and bank accounts on a day to day basis, the group bank facilities and liquidity in general are managed centrally.

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.17 Going concern (continued)

In considering the going concern basis, the directors have prepared a forecast model including monthly profit and loss accounts, balance sheets and cash flows for the period to 31 December 2024. The forecast is built on a bottom up basis, company by company, and adopts 2022 as its base year. The results for 2022 are based on the actual results. Following the successful roll-out of vaccines and subsequent relaxation of Covid restrictions during 2021, the impact of Covid-19 on the forecast is very limited. However, current high rates of inflation, increasing interest rates and the threat of recession may impact the company and the forecast assumes no significant growth generally.

The Group as a whole has different lines of business and operates across several European countries. The impact of recession may differ across different countries and different businesses.

In our chemicals and materials business, there was a definite downturn in demand during the initial lockdowns across all territories and turnover fell significantly. 2021 saw some improvement as the effects of Covid eased and this continued into 2022 with Lantor in particular seeing rapid growth in sales. The operations of these companies were also affected in 2021 by a worldwide shortage of raw materials and spiralling transport costs although again, this eased somewhat in the first half of 2022. As a manufacturing entity, Lantor has been particularly impacted by increases in energy costs and has seen a near quadrupling of annual spend on energy costs since 2020. However, that has eased slightly toward the end of 2022 and in early 2023. This is not assumed to improve further, indeed total costs are forecast to be higher, although gas prices have dropped a little in recent months. Cost increases have been mitigated by growth in sales and strong cost control.

Our logistics businesses, which operate predominantly in the UK, benefited from increased consumer demand online during the Covid pandemic. As anticipated this has softened during 2022 and the threat of recession means this is unlikely to improve for the time being. However, over the last 12 months our sales mix has also moved more toward B2B and long term storage customers and this helped us to significantly improve margins during 2022.

With regard to bank facilities, these fall into two main categories:

- *Invoice Finance facilities* - these provide working capital funding for many of the group companies, particularly those in the UK.
- Senior debt loan facilities that were used to fund previous acquisitions.

The loan facilities are fully drawn, but the invoice finance facilities are not. Whilst the drawn balance on invoice finance facilities fluctuates according to need, those facilities have never been fully drawn and there is no expectation that they will be. This is supported by the forecasts, which assume no additional draw on these facilities and suggest that considerable headroom will remain available. Cash balances and availability against these facilities are actively monitored by group management on a weekly basis.

The bank facilities contain certain covenants that need to be met. The principal covenants relate to leverage and debt service, ratios that take a measure of EBITDA divided by debt and a measure of cash flow divided by debt service respectively. Our leverage must remain below 2.5x (excluding working capital facilities). Our cash flows must remain above 1.2x debt service requirements. These covenants have been met throughout 2021, 2022 and 2023 to date and the forecasts indicate that they will continue to be met.

The secure funding for the group until Q1 2025.

In forming their conclusion the directors have also considered various alternative scenarios, principally incorporating unexpected falls in sales into the forecast. In all scenarios the forecasts show continued strong levels of cash and continuing availability against invoice finance facilities. This also ignores any further mitigating actions that management could take if required, for example, further working capital management and/or cost reductions.

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****3. Accounting policies (continued)****3.17 Going concern (continued)**

As a consequence the directors consider it appropriate to adopt the going concern basis for these accounts.

4. Financial risk management**Financial risk management objectives**

The company's activities expose it to a variety of financial risks: market risks, credit risk, liquidity risk, cash flow interest rate risk and fair value interest rate risk. The company's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the operating divisions under policies approved by the Board of Directors.

4.1 Price risk

The company is not exposed to equity securities price risk or commodities price risk.

4.2 Foreign currency risk

The company has no significant foreign currency risk as the majority of the company's transactions are carried out in sterling.

4.3 Credit risk

The company's exposure to credit risk is limited to the carrying value of financial assets recognised at the balance sheet date, as summarised below:

	2022 £000	2021 £000
Classes of financial assets - carrying amounts		
Cash, receivables and contract assets		
Cash and cash equivalents	1,745	2,235
Trade receivables	4,968	3,941
Contract assets	-	413
Other receivables	27	125
Amounts owed by group and related parties	1,976	79
	<u>8,716</u>	<u>6,793</u>

The maximum exposure to credit risk in relation to trade receivables is equivalent to the period end balance.

The company continuously monitors the creditworthiness of customers and other counterparties. The company's policy is only to deal with creditworthy counterparties. The company benefits from credit insurance on its trade receivables.

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****4. Financial risk management (continued)**

The directors consider that all the above financial assets that are not impaired for each of the reporting dates under review, are of good quality credit, based on financial information and past trading history, including those that are past due.

The company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics other than those debtors which are disclosed in note 16. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Impairment losses on financial assets recognised in profit or loss were as follows:

	2022 £000	2021 £000
Impairment loss on trade receivables	<u>8</u>	<u>11</u>

4.4 Cash flow interest rate risk

The company has no borrowings and is not exposed to interest rate risk.

4.5 Liquidity risk

Liquidity needs are monitored carefully on a day-to-day basis. Longer term liquidity needs are assessed through monthly, quarterly, and annual cash flow forecasts.

As of 31 December 2022, the company's liabilities have maturities which are summarised below:

31 December 2022

	Within 6 months £000	6 to 12 months £000	1 to 5 years £000	Later than 5 years £000
Trade payables	800	-	-	-
Amounts owed to group and related parties	556	-	-	-
Leases	1,410	1,409	11,152	12,036
Other taxes and social security costs	548	-	-	-
	<u>3,314</u>	<u>1,409</u>	<u>11,152</u>	<u>12,036</u>

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

31 December 2021

	Within 6 months £000	6 to 12 months £000	1 to 5 years £000	Later than 5 years £000
Trade payables	1,006	-	-	-
Amounts owed to group and related parties	77	-	-	-
Leases	1,433	1,432	10,681	14,504
Other taxes and social security costs	792	-	-	-
	<u>3,308</u>	<u>1,432</u>	<u>10,681</u>	<u>14,504</u>

Amethyst Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

5. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, the following judgements have had the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Significant assumptions are made in estimating the level of future profits, including market conditions and growth rates. Changes in these assumptions could affect the recognition of deferred tax assets.

Key accounting estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Dilapidations and onerous lease provision

Provision is made for dilapidations due to be carried out on leased properties. Provisions are recognised when management are satisfied that an outflow of economic benefits is probable and a reliable estimate can be made of the obligation. The determination of the onerous lease and dilapidation provision requires significant judgement.

In making this judgement, the company considers the likelihood of being able to sublet properties, the expected level of rentals, expected future trading conditions, whether uneconomic sites will be closed and sublet, the dilapidations required under the terms of the lease, and the anticipated condition of properties at the end of the lease.

Rates provision

Provision is made for rates due at one of the sites in which the company operates. The site has not been assessed for rates and therefore no invoice for rates has been provided to date. Provisions are recognised when management are satisfied that an outflow of economic benefits is probable, and a reliable estimate can be made of the obligation. The determination of the rates provision requires significant judgement.

Leases - incremental borrowing rate

At the commencement date of a lease, the company measures the lease liability as the present value of the lease payments unpaid at that date, discounted using the company's incremental borrowing rate (IBR).

The IBR is the estimated rate that the company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. A different IBR has been selected for each class of leased asset; buildings, cars, commercial equipment and office equipment.

In determining the IBR for each class of leased asset, current commercially available information for comparable lease types were reviewed and the most appropriate rates selected. The determination of the IBR requires significant judgement.

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****5. Critical accounting judgements and key sources of estimation uncertainty (continued)****Impairment of tangible and intangible assets**

The company tests goodwill, at least annually for impairment, and tests all other tangible and intangible assets when indicators of impairment exist. Impairment is determined with reference to the higher of net realisable value and value in use. Value in use is estimated using adjusted future cash flows from the cash-generating unit and a suitable discount rate in order to calculate present value. Significant other assumptions are made in estimating future cash flows about future events, including future market conditions and future growth rates. Changes in these assumptions could affect the outcome of impairment reviews.

6. Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022	2021
	£000	£000
Revenue from contracts with customers	19,765	26,459

Primary geographical markets

	2022	2021
	£000	£000
UK	19,765	26,459

Timing of revenue recognition

	2022	2021
	£000	£000
Products and services transferred over time	19,765	26,459

Major products and service lines

	2022	2021
	£000	£000
Third party logistics	19,765	26,459

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****7. Operating profit**

	2022	2021
	£000	£000
This is stated after charging:		
Depreciation of property, plant and equipment	3,251	3,103
Auditor's remuneration - audit work	49	43
Auditor's remuneration - tax compliance services	5	6
Exceptional item - redundancy costs	-	60
Exceptional item - bad debts	-	11
Exceptional item - writing off costs in relation to Rhys Davies & Sons Limited	-	25
Exceptional item - HMRC VAT Surcharges	21	-
Exceptional item - disputed items settlement	11	-
	<u>3,337</u>	<u>3,248</u>

8. Staff costs

	2022	2021
	£000	£000
The costs incurred in respect of employees were:		
Wages and salaries	3,091	3,932
Social security costs	255	311
Other pension costs	106	83
Redundancy and payment in lieu	-	60
	<u>3,452</u>	<u>4,386</u>

The monthly average number of persons, including the directors, employed by the company during the year was as follows:

	2022	2021
	Number	Number
Administration	11	25
Distribution	127	153
Marketing	1	1
	<u>139</u>	<u>179</u>

During the previous year, the company received government grant support by way of the Coronavirus Job Retention Scheme (CJRS). The total grant income received was £9,000 which was included within other income in the Statement of Comprehensive Income. The staff costs were shown gross of the CJRS grants received.

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****9. Directors' remuneration**

The directors' remuneration for the year was as follows:

	2022	2021
	£000	£000
Remuneration	133	132

The directors' remuneration is paid by Cathay Investments Limited, another company in the group.

10. Finance income and costs

	2022	2021
	£000	£000
Finance income		
Interest income on bank deposits	7	-
Finance costs		
Bank interest payable	(14)	(29)
Interest on leased assets	(847)	(910)
Total finance costs	(861)	(939)
	(854)	(939)

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****11. Taxation****11.1 Analysis of charge in year**

	2022	2021
	£000	£000
Current tax		
Current tax on profits for the year	236	10
Adjustments in respect of prior years	(10)	(239)
Total current tax	226	(229)
Deferred tax (note 20)	113	34
	339	(195)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2022	2021
	£000	£000
Profit for the year	1,360	279
Income tax (credit)/expense (including income tax on associate, joint venture and discontinued operations)	339	(195)
Profit before tax on continuing operations	1,699	84
Corporation tax at standard rate	323	16
Effects of:		
Expenses not deductible for tax purposes	4	5
Accelerated capital allowances	69	36
Effects of change in tax rates	24	(21)
Adjustments in respect of previous years current tax	(10)	(239)
Adjustments in respect of previous years deferred tax	13	(7)
Other differences leading to an (decrease)/increase in the tax charge	(23)	52
Group relief claimed	(61)	(37)
Total tax for the year	339	(195)

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****12. Goodwill**

	2022 £000
Cost	9,636
Accumulated impairment losses	(2,017)
At end of year	7,619
	2022 £000
Cost	
At 1 January 2022	9,636
At 31 December 2022	9,636
Accumulated impairment losses	
At 1 January 2022	2,017
At 31 December 2022	2,017
Carrying amount	
	2022 £000
At end of year	7,619

Goodwill relates to the acquisition of the trade, assets and liabilities of CPD Logistics Limited in 2005. This is deemed by management to be a cash-generating unit. The recoverable amount is based on value-in-use calculations. These calculations use cashflow projections based on management estimates of performance over a 10 year period. Management is of the view that there is no foreseeable limit to the period over which the business is expected to generate cash inflows for the company.

The cashflow projections are based on detailed forecasts for a 2 year period, and thereafter assume a growth rate of 1%, which management believe is a reasonable rate based on past performance and the expectation for market development. A discount rate of 16.15% has been applied to the cashflow projections.

These calculations show that no further provision for impairment is required in the period.

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****13. Property, plant and equipment**

	Short leasehold property £000	Plant and equipment £000	Total £000
Cost			
At 1 January 2021	36,023	10,816	46,839
Additions	(28)	142	114
Disposals	-	(53)	(53)
At 31 December 2021	35,995	10,905	46,900
Additions	-	1,104	1,104
Disposals	-	(284)	(284)
At 31 December 2022	35,995	11,725	47,720
	Short leasehold property £000	Plant and machinery £000	Total £000
Accumulated depreciation and impairment			
At 1 January 2021	7,170	8,629	15,799
Charge for the year on owned assets	2,565	538	3,103
Disposals	-	(61)	(61)
At 31 December 2021	9,735	9,106	18,841
Charge for the year on owned assets	2,680	571	3,251
Disposals	-	(284)	(284)
At 31 December 2022	12,415	9,393	21,808
Net book value			
At 31 December 2021	26,260	1,799	28,059
At 31 December 2022	23,580	2,332	25,912

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****13. Property, plant and equipment (continued)****Assets held under leases**

The net book value of owned and right-of-use assets included as "Property, plant and equipment" in the Statement of Financial Position is as follows.

	31 December 2022 £000	31 December 2021 £000
Owned assets	3,395	3,763
Right-of-use assets	22,517	24,296
	25,912	28,059

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2022 £000	2021 £000
Short leasehold property	20,573	22,851
Plant and equipment	1,944	1,445
	22,517	24,296

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****14. Leases****Lease liabilities**

	2022	2021
	£000	£000
Current (note 18)	2,819	2,865
Non-current	23,188	25,185
	<u>26,007</u>	<u>28,050</u>

Leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No. of right-of- use assets leased	Range of remaining lease term	Average remaining lease term	No. of leases with extension options	No. of leases with variable payments linked to an index	No. of leases with termination options
Short leasehold property	3	8 - 11 years	10 years	3	-	3
Plant and equipment	7	2 - 7 years	3 years	7	-	7

Future minimum lease payments at 31 December 2022 were as follows:

	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	4-5 years £000	After 5 years £000	Total £000
31 December 2022							
Lease payments	3,631	3,555	3,386	3,327	3,240	13,278	30,417
Finance charges	(812)	(731)	(629)	(542)	(454)	(1,242)	(4,410)
Net present values	2,819	2,824	2,757	2,785	2,786	12,036	26,007

Future minimum lease payments at 31 December 2021 were as follows:

	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	4-5 years £000	After 5 years £000	Total £000
31 December 2021							
Lease payments	3,705	3,450	3,374	3,214	3,157	15,979	32,879
Finance charges	(840)	(751)	(669)	(586)	(508)	(1,475)	(4,829)
Net present values	2,865	2,699	2,705	2,628	2,649	14,504	28,050

The company recognised £nil (2021: £nil) expense relating to payments for short-term leases, leases of low value assets and variable lease payments.

At the year end the company was not committed to short-term leases.

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****14. Leases (continued)****Right-of-use assets**

	Short leasehold property	Plant and equipment	Total
	£000	£000	£000
Gross carrying amount			
Balance at 1 January 2022	29,669	2,696	32,365
Additions	-	982	982
Disposals	-	(284)	(284)
Balance at 31 December 2022	29,669	3,394	33,063
Depreciation and impairment			
Balance at 1 January 2022	6,818	1,251	8,069
Disposals	-	(284)	(284)
Depreciation	2,278	483	2,761
Balance at 31 December 2022	9,096	1,450	10,546
Carrying amount 31 December 2022	20,573	1,944	22,517
Carrying amount 31 December 2021	22,851	1,445	24,296

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****15. Inventories**

	2022 £000	2021 £000
Goods for resale	153	153

Inventories consist of goods held for resale. In the year ended 31 December 2022 £148,920 (2021: £43,181) of inventories was included in the Statement of Comprehensive Income as an expense.

16. Trade and other receivables

	2022 £000	2021 £000
Trade receivables	4,968	3,941
Receivables from group and related parties	1,976	79
Prepayments and contract assets	274	899
Corporation tax	27	125
	7,245	5,044

All amounts are due within one year. The carrying value of receivables is considered a reasonable approximation of fair value. All of the company's trade and other receivables have been reviewed for indicators of impairment and no provision has been made. When calculating the level of impairment management consider factors such as the level of cash received after the year end and the financial position of the debtor. The amounts owed by group are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Some of the unimpaired trade receivables are past due as at the reporting date. The age of the financial assets past due but not impaired is as follows:

	2022 £000	2021 £000
Not more than three months	1,085	583
More than three months but less than six months	737	53
	1,822	636

17. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank	1,745	2,235
	1,745	2,235

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****18. Current liabilities**

	2022	2021
	£000	£000
Trade payables	800	1,006
Amounts owed to group and related parties	556	77
Other payables	1,122	1,768
Trade and other payables	2,478	2,851
Other taxes and social security costs	548	792
Provisions (note 19)	3,199	2,589
Lease liability (note 14)	2,819	2,865
	9,044	9,097

Included within the other payables balance is an amount of £870,701 (2021: £1,075,183) in respect of the company's invoice discounting facility. This amount is secured by fixed and floating charges over the company's assets.

Amounts owed to group and related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****19. Provisions**

	Dilapidations provision £000	Rates provision £000	Total provisions £000
At January 2022	974	2,589	3,563
Additional provisions in the year	141	610	751
At 31 December 2022	1,115	3,199	4,314

2022	2021
£000	£000

The provisions are expected to fall due as follows:

within one year	3,199	2,589
after more than one	1,115	974
	4,314	3,563

20. Deferred tax (asset)/liability

	2022 £000
At the beginning of year	(89)
Charged to the profit and loss	113
	24

2022	2021
£000	£000

Comprising:

Accelerated capital allowances	24	(89)
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21. Share capital

	2022 Number	2022 £000	2021 Number	2021 £000
Allotted, called up and fully paid				
Ordinary shares of £1 each	4,940,000	4,940	4,940,000	4,940

Each Ordinary share carries one vote. The Ordinary shares rank equally in all respects and carry the sole right to participate in any distributions and are not redeemable.

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****22. Reserves****Capital redemption reserve**

Amounts transferred from share capital on redemption of issued shares.

Retained earnings

Include all current and prior period retained profits and losses.

23. Capital risk management**Capital components**

Total capital is calculated as equity, as shown in the statement of financial position.

Externally imposed capital requirements

The company has no externally imposed capital requirements.

Capital management

The company's policy is to maintain a strong capital base with a view to underpinning shareholder and creditor confidence and sustaining the future development of the business. Capital consists of ordinary shares, other capital reserves and retained earnings. The company monitors performance at both a corporate and individual asset level and sets internal guidelines for interest cover and gearing. The company manages the capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The amounts managed as capital by the company for the period periods under review are summarised as follows:

	2022	2021
	£000	£000
Share capital	4,940	4,940
Capital redemption reserve	1,200	1,200
Retained earnings	3,163	1,803
Total equity	9,303	7,943

24. Contingent liabilities

The company has given cross guarantees to the group's bankers in respect of borrowings by certain group companies. The amount guaranteed is £23,322,803 (2021: £26,332,176).

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****25. Related party transactions**

Key management personnel
B Chaing, director
K Johnson, director

During the year there are no transactions with key management personnel.

Summary of transactions with parent company

During the year, Cathay Investments 2 Limited recharged, accounts and audit, insurance, motor and telephone costs to Amethyst Group Limited totalling £78,304 (2021: £72,665). During the year Amethyst Group Limited paid management expenses of £720,000 (2021: £720,000). The amount due by Cathay Investments 2 Limited at the year end is £1,847,307 (2021: £39,711).

Summary of transactions with companies with joint control or significant interest

Cathay Investments Limited and its subsidiary companies and Cathay Investments 2 Limited subsidiary companies, related due to common control.

At the year end the amount due from Cathay Investments Limited and its subsidiary companies and Cathay Investments 2 Limited subsidiary companies is £56,580 (2021: £79,248). At the year end the amount due to Cathay Investments Limited and its subsidiary companies and Cathay Investments 2 Limited subsidiary companies is £483,280 (2021: £76,733).

Income and receivables from related parties

	Parent company £000	Entities with joint control or significant influence £000
2022		
Receipt of services	-	189
Recharged costs	-	13
Amounts receivable from related party as at 31 December 2022	1,919	57

	Parent company £000	Entities with joint control or significant influence £000
2021		
Receipt of services	720	177
Recharged costs	73	144
Amounts receivable from related party as at 31 December 2021	40	40

Amethyst Group Limited**Notes to the Financial Statements
For the Year Ended 31 December 2022****24. Related party transactions (continued)****Expenditure with and payables to related parties**

	Parent company £000	Entities with joint control or significant influence £000
2022		
Rendering of services	720	1,473
Charged costs	78	13
Amounts payable to related party as at 31 December 2022	<u>72</u>	<u>483</u>
2021		
Rendering of services		1,331
Charged costs		16
Amounts payable to related party as at 31 December 2021		<u>77</u>

26. Controlling party and ultimate controlling party

The company's immediate parent company is Cathay Investments 2 Limited, incorporated in England and Wales.

The ultimate parent company is Chaing Equities Limited, incorporated in England and Wales.

The ultimate controlling party is B Chaing and members of his close family, who control, directly or indirectly, 100% of the share capital in Chaing Equities Limited.

The most senior entity producing publicly available consolidated financial statements is Chaing Equities Limited. The least senior entity producing publicly available consolidated financial statements is Cathay Investments 2 Limited. These financial statements are available upon request from 43 Friends Road, Croydon, United Kingdom, CR0 1ED.