

Registered number: 02762340

Pola Minerals Limited

Annual report - filing copy

31 December 2020

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Pola Minerals Limited

Company information

Director	D J Winters
Company secretary	J J Liddle
Registered number	02762340
Registered office	Ninth Avenue East Team Valley Gateshead Tyne and Wear NE11 0EJ
Independent auditor	UNW LLP Chartered accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Barclays Bank Plc 215 High Street Gateshead Tyne and Wear NE8 1BX
Solicitors	Clarke Mairs LLP One Hood Street Newcastle Upon Tyne NE1 6JQ

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Pola Minerals Limited

Balance sheet As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	573,287	452,827
		<u>573,287</u>	<u>452,827</u>
Current assets			
Stocks		1,446,455	1,776,658
Debtors	6	721,362	576,503
Cash at bank and in hand		870,173	340,512
		<u>3,037,990</u>	<u>2,693,673</u>
Creditors: amounts falling due within one year	7	(1,333,283)	(1,184,465)
Net current assets		<u>1,704,707</u>	<u>1,509,208</u>
Total assets less current liabilities		<u>2,277,994</u>	<u>1,962,035</u>
Creditors: amounts falling due after more than one year	8	(31,482)	(39,083)
Provisions for liabilities			
Deferred tax		(40,051)	(9,729)
		<u>(40,051)</u>	<u>(9,729)</u>
Net assets		<u>2,206,461</u>	<u>1,913,223</u>
Capital and reserves			
Called up share capital		12,000	12,000
Profit and loss account		2,194,461	1,901,223
Total equity		<u>2,206,461</u>	<u>1,913,223</u>

Pola Minerals Limited

Balance sheet (continued) As at 31 December 2020

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 June 2021.

D J Winters
Director



Company registered number: 02762340

The notes on pages 3 to 9 form part of these financial statements.

Pola Minerals Limited

Notes to the financial statements For the year ended 31 December 2020

1. General information

Pola Minerals Limited ('the company') is a private company limited by shares, incorporated and domiciled in England. The address of the registered office is given in the company information page of these financial statements.

2. Statement of compliance

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest £.

3.2 Going concern

The company meets its working capital requirements through its cash resources and operating cash flows, supported by an overdraft facility. In light of recent global events which persist at the date of approval of these financial statements, the director has taken measures to counter the current and future potential impact of Covid-19 on the company's operations and resultant impact on financial headroom. Whilst the company has experienced some impact to its operations as a result of the Covid-19 pandemic, customer demand remains strong and contingency plans have been implemented to mitigate the risk of employee absence and supply chain failure through working practices designed to protect employee's welfare and through working with suppliers to ensure the company's key supply requirements for the coming months.

The director and management have prepared and sensitised financial forecasts which indicate that the company will maintain sufficient financial headroom to enable it to continue meeting its liabilities as they fall due in the normal course of business for at least the next twelve months following approval of these financial statements. Notwithstanding any further potential ongoing impact on the company's financial performance and position beyond that already anticipated by these forecasts, the company is expected to maintain significant working capital and financial headroom which the director considers to be sufficient to mitigate the risks which remain due to the current economic environment. The director has also considered the need for additional support through the Government schemes implemented in light of the pandemic and has concluded that no additional support is required by the company at the current stage.

Whilst the risks in this regard cannot be completely mitigated and therefore some level of future uncertainty remains, the director has adopted appropriate measures and assessed the financial implications of associated factors outside the company's control alongside reviewing revised cash forecasts and future projections. Based on those forecasts and projections, the director does not consider the residual uncertainties to be material to the company's ability to continue meeting its liabilities as they fall due in the foreseeable future.

After making enquiries, the director has a reasonable expectation that the company has adequate financial and other resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on a going concern basis.

Pola Minerals Limited

Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

3.3 Revenue

Turnover comprises revenue recognised in respect of services supplied during the year, net of discounts and excluding Value Added Tax and trade discounts. Turnover is recognised at the point of delivery.

3.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Freehold property	-	5% straight line
Leasehold improvements	-	Over the term of the lease
Plant and machinery	-	12.5% - 33% straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.5 Leases

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

3.6 Stock

Stocks are stated at the lower of cost or estimated selling price less costs to complete and sell. Cost is determined using the average cost method and includes the purchase price (including taxes and duties), transport and handling costs directly attributable to bringing the stock to its present location.

Provision is made as necessary for damaged, obsolete or slow-moving items.

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Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

3.7 Financial instruments

Basic debt instruments

The company's basic debt instruments include trade, intercompany and other accounts receivable and payable, cash and bank balances, bank loans and loans to or from related parties.

Debt instruments due within one year are measured, initially and subsequently, at the transaction price. Debt instruments due after one year are measured initially at the transaction price and subsequently at amortised cost using the effective interest method.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit and loss account in finance cost or finance income as appropriate, unless the derivative is designed and effective as a hedging instrument, in which event, the timing of the recognition in the profit and loss account depends on the nature of the hedge relationship.

3.8 Hedge accounting

The company designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedged instrument. Furthermore, at the inception of the hedge the company determines and documents causes for hedge ineffectiveness.

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

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Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

3.9 Foreign currency

The company's functional currency is the pound sterling.

Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the period-end retranslation are recognised in the profit and loss account.

3.10 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

The assets of the plan are held separately from the company in independently administered funds.

3.11 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

3.12 Dividends

Dividends and other distributions to the company's members are recognised when they become legally payable.

4. Employees

The average monthly number of employees, including directors, during the year was 17 (2019: 16).

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Notes to the financial statements For the year ended 31 December 2020

5. Tangible fixed assets

	Freehold property £	Leasehold property improvements £	Plant and machinery £	Total £
Cost				
At 1 January 2020	658,659	59,323	451,788	1,169,770
Additions	-	5,460	166,036	171,496
At 31 December 2020	658,659	64,783	617,824	1,341,266
Depreciation				
At 1 January 2020	263,464	56,929	396,550	716,943
Charge for the year	32,933	2,667	15,436	51,036
At 31 December 2020	296,397	59,596	411,986	767,979
Net book value				
At 31 December 2020	362,262	5,187	205,838	573,287
At 31 December 2019	395,195	2,394	55,238	452,827

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

	2020 £	2019 £
Plant and machinery	48,519	-

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Notes to the financial statements For the year ended 31 December 2020

6. Debtors

	2020 £	2019 £
Trade debtors	595,314	458,849
Amounts owed by group undertakings	26,627	26,627
Other debtors	37,058	28,662
Prepayments and accrued income	62,363	62,365
	<u>721,362</u>	<u>576,503</u>

7. Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans	39,083	46,900
Trade creditors	910,889	891,279
Amounts owed to group undertakings	2,776	2,776
Corporation tax	167,000	88,000
Other taxation and social security	93,081	57,170
Obligations under finance lease and hire purchase contracts	15,544	-
Other creditors	35,923	45,351
Accruals and deferred income	68,987	52,989
	<u>1,333,283</u>	<u>1,184,465</u>

Bank loans amounting to £39,083 (2019: £46,900), which are disclosed under creditors falling due within one year are secured over the freehold property.

Net obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

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Notes to the financial statements For the year ended 31 December 2020

8. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Bank loans	-	39,083
Net obligations under finance leases and hire purchase contracts	31,482	-
	<u>31,482</u>	<u>39,083</u>

Bank loans amounting to £nil (2019: £39,083) which are disclosed under creditors falling due after more than one year, are secured over the freehold property.

Net obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

9. Related party transactions

Loans totaling £300,000 (2019: £300,000) were made by DJ Winters to the company. No interest has been charged on the loan (2019: £nil). The balance outstanding at the year end is £1,040 (2019: £17,012) which is included within other creditors.

Dividends totaling £500,000 (2019: £300,000) were paid to the parent company, Pola Minerals (Holdings) Limited. £26,328 (2019: £26,328) was owed to the company at the year end which is included within debtors.

At the year end the company was owed £299 (2019: £299) by Ocean Organics Limited, a fellow subsidiary which is included within debtors.

At the year end the company owed £2,776 (2019: £2,776) to Conceptbalance Limited, the ultimate parent company which is included within creditors.

10. Ultimate parent undertaking and controlling party

The director regards Pola Minerals (Holdings) Limited, a company registered in the UK, as the immediate parent company by virtue of its 100% holding of the equity share capital of the company, and Conceptbalance Limited, a company registered in the UK as the ultimate parent company by virtue of its 100% holding of the equity share capital of Pola Minerals (Holdings) Limited.

The director considers himself to be the ultimate controlling party by virtue of his 100% holding of the equity share capital of Conceptbalance Limited.

11. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 11 June 2021 by David Redhead (senior statutory auditor) on behalf of UNW LLP.