

Company Registration No. 02937270 (England and Wales)

ALFRED FRANKS & BARTLETT PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2021

Richard Anthony
Chartered Accountants and Registered Auditors

ALFRED FRANKS & BARTLETT PLC

COMPANY INFORMATION

Directors	L Cowan C Reid M Nathan J Birch L Malcolm S Edwards L Reid
Secretary	S Edwards
Company number	02937270
Registered office	2nd Floor Gadd House Arcadia Avenue London N3 2JU
Auditor	Richard Anthony 2nd Floor Gadd House Arcadia Avenue London N3 2JU
Business address	AFB House Unit 2, Alban Park Hatfield Road St Albans Hertfordshire AL4 0JJ

ALFRED FRANKS & BARTLETT PLC

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ALFRED FRANKS & BARTLETT PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2021

The directors present the strategic report for the year ended 30 November 2021.

Fair review of the business

The results for the year and the financial position at the balance sheet date were considered satisfactory by the Directors given the level of uncertainty in the market place during the year following the pre-Brexit situation as well as the ongoing COVID-19 pandemic and the influence these were having on the sector in which the Company traditionally trades.

Despite these uncertainties the Company enjoyed continued success of the sale of mobile phone accessories and sunglasses.

In addition, the Company also diversified into Vape products and branded baby beauty goods as well as taking temporary contracts for disposable face masks and hand sanitising gel products.

All Sales were to the High Street Majors and it is anticipated these will continue to improve.

The Company continued to invest heavily in further Research and Development with the view to maintaining a strong competitive advantage.

Principal risks and uncertainties

The execution of the Company's strategies is subject to several risks the key business risk being competition from other businesses and as mentioned during the last year the future uncertainty in the economy in relation to the COVID-19 pandemic.

The Company took immediate steps in March 2020 to mitigate the initial impact of COVID-19 and also sought to fill a substantial gap in the market place in respect of the supply of disposable facemasks and hand sanitising gel.

Furthermore the Company had many of its employees working from home to reduce concerns around COVID-19 to not only protect its own staff but also the potential impact on the wider population.

By making use of the above and a strong cost control the company has maintained a good cash availability for the future protecting and retaining the complete workforce.

Also the Company took advantage of the significant increase of both the US dollar and Euro rates as against the Pound so as to maintain and in many instances increase the profit margin on goods sold.

In terms of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and the flexibility of agreed Overdrafts Loans and Confidential Invoice Discounting at agreed rates of interest.

The current level of trading activity and cash generation enable debt to be serviced. If activity were to decrease the Company will address this by seeking and obtaining alternative funding.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for time and credit limits.

Development and performance

Trade creditors liquidity risk is managed by ensuring that there are sufficient funds to meet amounts due.

The Directors expect the business to hold and even expand its current market share particularly with the Company's ever expanding product offering.

ALFRED FRANKS & BARTLETT PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

Key performance indicators

The main KPI's used by the Company are orientated around Gross Profit and Turnover comparing against Budget. These are summarised as follows:-

	2021	2020	2019
Turnover	£12.556m	£14.346m	£11.691m
Gross Profit %	27.63%	28.43%	32.51%
Operating Profit/(Loss)	£3,618,991	(£61,905)	£313,602

Other information and explanations

All aspects of the business are continually monitored with a view to maintaining profitability and de- risking with overhead control continuing to be at the forefront.

On behalf of the board

L Cowan

Director

26 May 2022

ALFRED FRANKS & BARTLETT PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2021

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

Principal activities

The principal activity of the company continued to be that of designers and importers of sunglasses, fashion, phone and home accessories.

Results and dividends

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

Ordinary dividends were paid amounting to £3,000,000. The directors do not recommend payment of a further dividend.

Directors

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

L Cowan

C Reid

M Nathan

J Birch

L Malcolm

S Edwards

L Reid

G Stenning

(Resigned 4 December 2020)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 15 (2020 - 18) days' purchases.

Going concern

The directors have considered the potential impact of the Covid-19 pandemic and Brexit. Whilst some continuous disruptions are anticipated, the directors are optimistic about the foreseeable future. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Auditor

In accordance with the company's articles, a resolution proposing that Richard Anthony be reappointed as auditor of the company will be put at a General Meeting.

ALFRED FRANKS & BARTLETT PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

L Cowan
Director

26 May 2022

ALFRED FRANKS & BARTLETT PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALFRED FRANKS & BARTLETT PLC

Opinion

We have audited the financial statements of Alfred Franks & Bartlett Plc (the 'company') for the year ended 30 November 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

ALFRED FRANKS & BARTLETT PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALFRED FRANKS & BARTLETT PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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.

Auditor's responsibilities for the audit of the financial statements

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

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

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant:

- The Companies Act 2006
- Financial Reporting Standard 102
- UK tax legislation
- UK employment legislation
- UK health and safety legislation
- General Data Protection Regulations

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with these laws and regulations. The assessment did not identify any issues in this area.

ALFRED FRANKS & BARTLETT PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALFRED FRANKS & BARTLETT PLC

We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the measures management has in place to prevent and detect fraud,
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process,
- Challenging assumptions and judgements made by management in its significant estimates, and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential existed within the recording and recognition of revenue.

Our procedures in this respect were focused on the origination of revenue and directed towards ensuring the accuracy and completeness of the same by undertaking testing on a sample basis of the revenue items to ensure that sales had been recorded correctly and in the appropriate accounting period. We consider that the work we undertook in this regard was considered capable of detecting irregularities and fraud within the sales cycle.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach. The risk is also greater regarding irregularities occurring to fraud other than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Michael Barnett BA FCA (Senior Statutory Auditor)
For and on behalf of Richard Anthony

26 May 2022

Chartered Accountants
Statutory Auditor

2nd Floor Gadd House
Arcadia Avenue
London
N3 2JU

ALFRED FRANKS & BARTLETT PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	12,556,606	14,346,343
Cost of sales		(9,086,638)	(10,267,817)
Gross profit		3,469,968	4,078,526
Administrative expenses		(1,054,976)	(5,410,138)
Other operating income		1,203,999	1,269,707
Operating profit/(loss)	4	3,618,991	(61,905)
Interest receivable and similar income	7	-	750,000
Interest payable and similar expenses	8	(7,922)	(21,163)
Profit before taxation		3,611,069	666,932
Tax on profit	9	(363,906)	(42,456)
Profit for the financial year		3,247,163	624,476
Other comprehensive income			
Tax relating to other comprehensive income		706,948	15,509
Total comprehensive income for the year		3,954,111	639,985

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ALFRED FRANKS & BARTLETT PLC

BALANCE SHEET

AS AT 30 NOVEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11	2,909,526		8,114,036	
Investments	12	50,000		50,000	
		<u>2,959,526</u>		<u>8,164,036</u>	
Current assets					
Stocks	14	1,895,276		1,920,461	
Debtors - deferred tax	19	2,989		21,964	
Debtors - other	15	8,820,612		6,110,997	
Cash at bank and in hand		552,556		573,341	
		<u>11,271,433</u>		<u>8,626,763</u>	
Creditors: amounts falling due within one year	16	(4,163,766)		(3,268,713)	
Net current assets		<u>7,107,667</u>		<u>5,358,050</u>	
Total assets less current liabilities		<u>10,067,193</u>		<u>13,522,086</u>	
Provisions for liabilities					
Deferred tax liability	19	271,859		975,818	
		<u>(271,859)</u>		<u>(975,818)</u>	
Net assets		<u><u>9,795,334</u></u>		<u><u>12,546,268</u></u>	
Capital and reserves					
Called up share capital	21	50,000		50,000	
Revaluation reserve	22	1,146,229		4,160,066	
Profit and loss reserves	23	8,599,105		8,336,202	
Total equity		<u><u>9,795,334</u></u>		<u><u>12,546,268</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 26 May 2022 and are signed on its behalf by:

L Cowan
Director

C Reid
Director

Company Registration No. 02937270

ALFRED FRANKS & BARTLETT PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2021

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 December 2019		50,000	4,226,183	7,905,100	12,181,283
Year ended 30 November 2020:					
Profit for the year		-	-	624,476	624,476
Other comprehensive income:					
Tax relating to other comprehensive income		-	15,509	-	15,509
Total comprehensive income for the year		-	15,509	624,476	639,985
Dividends	10	-	-	(275,000)	(275,000)
Transfers		-	(81,626)	81,626	-
Balance at 30 November 2020		50,000	4,160,066	8,336,202	12,546,268
Year ended 30 November 2021:					
Profit for the year		-	-	3,247,163	3,247,163
Other comprehensive income:					
Tax relating to other comprehensive income		-	706,948	-	706,948
Total comprehensive income for the year		-	706,948	3,247,163	3,954,111
Dividends	10	-	-	(3,000,000)	(3,000,000)
Transfers		-	(15,740)	15,740	-
Other movements		-	(3,705,045)	-	(3,705,045)
Balance at 30 November 2021		50,000	1,146,229	8,599,105	9,795,334

ALFRED FRANKS & BARTLETT PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27				
		(2,643,102)		1,010,424	
Interest paid		(7,922)		(21,163)	
Income taxes paid		(1,331)		(36,894)	
Net cash (outflow)/inflow from operating activities		(2,652,355)		952,367	
Investing activities					
Purchase of tangible fixed assets		(147,122)		(226,326)	
Proceeds on disposal of tangible fixed assets		5,332,252		51,950	
Receipts arising from loans made		-		75,291	
Dividends received		-		750,000	
Net cash generated from investing activities		5,185,130		650,915	
Financing activities					
Repayment of borrowings		(395,427)		(726,751)	
Dividends paid		(3,000,000)		(275,000)	
Net cash used in financing activities		(3,395,427)		(1,001,751)	
Net (decrease)/increase in cash and cash equivalents		(862,652)		601,531	
Cash and cash equivalents at beginning of year		573,341		(28,190)	
Cash and cash equivalents at end of year		(289,311)		573,341	
Relating to:					
Cash at bank and in hand		552,556		573,341	
Bank overdrafts included in creditors payable within one year		(841,867)		-	

ALFRED FRANKS & BARTLETT PLC

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

1 Accounting policies

Company information

Alfred Franks & Bartlett Plc is a private company limited by shares incorporated in England and Wales. The registered office is 2nd Floor Gadd House, Arcadia Avenue, London, N3 2JU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Alfred Franks & Bartlett Plc is a wholly owned subsidiary of Alfred Franks & Bartlett Holdings Limited and the results of Alfred Franks & Bartlett Plc are included in the consolidated financial statements of Alfred Franks & Bartlett Holdings Limited which are available from the website of Companies House.

1.2 Going concern

The directors have considered the potential impact of the Covid-19 pandemic and Brexit. Whilst some continuous disruptions are anticipated, the directors are optimistic about the foreseeable future. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

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

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

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

Land and buildings Freehold	Straight line 2%
Plant and machinery	Straight line 20-25%
Fixtures, fittings & equipment	Straight line 20%
Computer equipment	Straight line 33%
Motor vehicles	Straight line 25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, 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 it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

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

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 asset 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 profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

1.15 Retirement benefits

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

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.18 Financial instruments

The Company uses forward currency contracts to manage its exposure to fluctuations in foreign exchange rates. The Company and Group policy is disclosed in the accounting policies to the consolidated financial statements.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

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

	2021 £	2020 £
Turnover analysed by class of business		
Sales of goods	12,305,537	13,949,761
Rent receivable	251,069	396,582
	<u>12,556,606</u>	<u>14,346,343</u>

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	11,689,450	13,524,760
Europe	853,158	782,263
Rest of the world	13,998	39,320
	<u>12,556,606</u>	<u>14,346,343</u>
	2021 £	2020 £
Other significant revenue		
Dividends received	-	750,000
Grants received	56,149	117,707
	<u></u>	<u></u>

4 Operating profit/(loss)

	2021 £	2020 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(56,149)	(117,707)
Fees payable to the company's auditor for the audit of the company's financial statements	70,000	70,000
Depreciation of owned tangible fixed assets	175,648	248,252
Profit on disposal of tangible fixed assets	(3,861,313)	(51,950)
	<u></u>	<u></u>

5 Employees

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

	2021 Number	2020 Number
Directors	7	8
Administration	17	17
Sales	16	15
Warehouse	3	2
	<u></u>	<u></u>
Total	43	42
	<u></u>	<u></u>

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

5 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,152,614	2,167,381
Social security costs	279,965	273,342
Pension costs	160,028	147,041
	<u>2,592,607</u>	<u>2,587,764</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	944,609	1,078,906
Company pension contributions to defined contribution schemes	17,508	27,599
	<u>962,117</u>	<u>1,106,505</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2020 - 6).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	<u>310,387</u>	<u>310,501</u>

7 Interest receivable and similar income

	2021 £	2020 £
Income from fixed asset investments		
Income from shares in group undertakings	-	750,000
	<u>-</u>	<u>750,000</u>

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	6,375	10,483
Other finance costs:		
Other interest	1,547	10,680
	<u>7,922</u>	<u>21,163</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	340,611	-
	<u>340,611</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	23,295	42,456
	<u>23,295</u>	<u>42,456</u>
Total tax charge	<u>363,906</u>	<u>42,456</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	<u>3,611,069</u>	<u>666,932</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	686,103	126,717
Tax effect of expenses that are not deductible in determining taxable profit	55,038	43,269
Gains not taxable	(733,649)	(9,871)
Group relief	-	42,110
Research and development tax credit	-	(58,694)
Dividend income	-	(142,500)
Deferred tax movement	23,295	42,456
Depreciation in excess of capital allowances	11,584	-
Capital allowances in excess of depreciation	-	(1,031)
Chargeable gain	<u>321,535</u>	<u>-</u>
Taxation charge for the year	<u>363,906</u>	<u>42,456</u>

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

9 Taxation

(Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £	2020 £
Deferred tax arising on:		
Revaluation of property	(706,948)	(15,509)

10 Dividends

	2021 £	2020 £
Final paid	3,000,000	275,000

11 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 December 2020	8,300,000	253,629	154,728	77,872	604,152	9,390,381
Additions	-	-	-	11,242	135,880	147,122
Disposals	(5,500,000)	-	-	-	(155,604)	(5,655,604)
At 30 November 2021	2,800,000	253,629	154,728	89,114	584,428	3,881,899
Depreciation and impairment						
At 1 December 2020	498,210	253,629	143,382	77,872	303,252	1,276,345
Depreciation charged in the year	56,000	-	3,875	2,186	113,587	175,648
Eliminated in respect of disposals	(330,318)	-	-	-	(149,302)	(479,620)
At 30 November 2021	223,892	253,629	147,257	80,058	267,537	972,373
Carrying amount						
At 30 November 2021	2,576,108	-	7,471	9,056	316,891	2,909,526
At 30 November 2020	7,801,790	-	11,346	-	300,900	8,114,036

The carrying value of land and buildings comprises:

	2021 £	2020 £
Freehold	2,576,108	7,801,790

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

11 Tangible fixed assets

(Continued)

Land and buildings at Unit 2, Alban Park, Hatfield Road, St Albans, Herts, AL4 0JJ with a carrying amount of £2,576,108 were revalued at 26 July 2017 by independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

Land and buildings at AFB unit, Sudbury, Suffolk CO10 2YA has been sold during the year.

Freehold land and buildings with a carrying amount of £2,576,108 (2020 - £7,801,790) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

12 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	13	50,000	50,000

13 Subsidiaries

Details of the company's subsidiaries at 30 November 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
AFB Licensing Limited	England & Wales	Ordinary	100.00

14 Stocks

	2021 £	2020 £
Finished goods and goods for resale	1,895,276	1,920,461

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,954,311	2,108,877
Amounts owed by group undertakings	5,997,848	3,448,757
Other debtors	89,316	83,063
Prepayments and accrued income	779,137	470,300
	<u>8,820,612</u>	<u>6,110,997</u>
Deferred tax asset (note 19)	2,989	21,964
	<u>8,823,601</u>	<u>6,132,961</u>

16 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	841,867	-
Debt factoring	17	-	395,427
Trade creditors		332,831	406,092
Corporation tax		340,611	-
Other taxation and social security		658,922	553,021
Other creditors		191,847	253,865
Accruals and deferred income		1,797,688	1,660,308
		<u>4,163,766</u>	<u>3,268,713</u>

17 Loans and overdrafts

	2021 £	2020 £
Bank overdrafts	841,867	-
Debt factoring	-	395,427
	<u>841,867</u>	<u>395,427</u>
Payable within one year	<u>841,867</u>	<u>395,427</u>

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

17 Loans and overdrafts

(Continued)

The bank holds the following charges over the company:

First legal charge over the freehold property known as Unit 2, Alban Park, Hatfield Road, St Albans, AL4 0JJ.

Fixed charge over book and other debts, goodwill, uncalled capital and intellectual property and a floating charge over all other assets.

Composite company multilateral guarantee between the company, Alfred Franks & Bartlett Holdings Limited and AFB Licensing Limited.

Charge over contract monies.

General letter of pledge.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Balances:				
Accelerated capital allowances	-	-	-	21,964
Revaluations	271,859	975,818	2,989	-
	<u>271,859</u>	<u>975,818</u>	<u>2,989</u>	<u>21,964</u>
				2021
Movements in the year:				£
Liability at 1 December 2020				953,854
Charge to profit or loss				21,964
Transfer on disposal				(706,948)
				<u>268,870</u>
Liability at 30 November 2021				<u></u>

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	160,028	147,041
	<u></u>	<u></u>

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

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	5,000,000	5,000,000	50,000	50,000

22 Revaluation reserve

	2021 £	2020 £
At the beginning of the year	4,160,066	4,226,183
Deferred tax on revaluation of tangible assets	2,989	15,509
Reversal of deferred tax liability on revaluation	703,959	-
Transfer to retained earnings	(15,740)	(81,626)
Other movements	(3,705,045)	-
At the end of the year	1,146,229	4,160,066

23 Profit and loss reserves

	2021 £	2020 £
At the beginning of the year	8,336,202	7,905,100
Profit for the year	3,247,163	624,476
Dividends declared and paid in the year	(3,000,000)	(275,000)
Transfer from revaluation reserve	15,740	81,626
At the end of the year	8,599,105	8,336,202

24 Operating lease commitments

Lessor

The operating leases represent lease of the warehouse at Churchfield Road, Chilton Industrial Estate, Sudbury Suffolk CO10 2YA to third parties. This lease was terminated in the middle of the year therefore no further commitments at the year-end.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	-	400,000
Between two and five years	-	1,124,384
	-	1,524,384

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	588,917	608,659

Other information

As at balance sheet date, the following balances were outstanding:

- £3,848,300 (2020 - £2,373,670) owed by Alfred Franks & Bartlett Holdings Limited, the parent company.
- £2,149,548 (2020 - £1,075,087) owed by AFB Licensing Limited, a wholly owned subsidiary.
- £Nil (2020 - £83,063) owed by Ibiza Vape Club Limited, a company under common control.
- £Nil (2020 - £147,829) owed to its directors. The company pays interest at a rate of 6% p.a. on outstanding balances and interest payable during the year was £1,750 (2020 - £10,680).

Transactions during the year:

- Charges amounting to £1,152,000 (2020 - £1,152,000) for management fees were made to AFB Licensing Limited.
- Intercompany sales from the company to AFB Licensing Limited, a wholly owned subsidiary, amounting to £Nil (2020 - £6,629,530). Intercompany sales from AFB Licensing to the company amounting to £13,819 (2020 - £Nil).

26 Ultimate controlling party

The parent company is Alfred Franks & Bartlett Holdings Limited, a company registered in England & Wales.

Alfred Franks & Bartlett Holdings Limited prepares group accounts and copies can be obtained from the website of Companies House.

There is no ultimate controlling party.

ALFRED FRANKS & BARTLETT PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

27 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit for the year after tax	3,247,163	624,476
Adjustments for:		
Taxation charged	363,906	42,456
Finance costs	7,922	21,163
Investment income	-	(750,000)
Gain on disposal of tangible fixed assets	(3,861,313)	(51,950)
Depreciation and impairment of tangible fixed assets	175,648	248,252
Movements in working capital:		
Decrease in stocks	25,185	1,183,839
Increase in debtors	(2,709,615)	(1,165,456)
Increase in creditors	108,002	857,644
Cash (absorbed by)/generated from operations	(2,643,102)	1,010,424

28 Analysis of changes in net funds/(debt)

	1 December 2020 £	Cash flows £	30 November 2021 £
Cash at bank and in hand	573,341	(20,785)	552,556
Bank overdrafts	-	(841,867)	(841,867)
	573,341	(862,652)	(289,311)
Borrowings excluding overdrafts	(395,427)	395,427	-
	177,914	(467,225)	(289,311)

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