Registered number: 03800600

WRAP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

WRAP LIMITED

COMPANY INFORMATION

Directors	Mr T Ahmed Mr M Ahmed
Company secretary	Mrs S Ahmed
Registered number	03800600
Registered office	Unit 4 119 Loverock Road Reading Berkshire RG30 1DZ
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 6th Floor 2 London Wall Place London EC2Y 5AU

WRAP LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Business review

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 30 September 2020. Wrap Limited is involved in the sale of books.

The financial year was a robust one for Wrap Limited. Turnover increased to £23.9m vs £22.4m in the previous year. Pre-tax profits were £262k (2019: £157k).

A key focus throughout the year was keeping colleagues safe whilst continuing business operations. Disruption to freight carriers, reduced supply lines and Brexit all brought their challenges. The business managed these challenges and is proud that it kept staff safe whilst maintaining continuity.

Post year end the pandemic continues to cause disruption with further lockdowns. The business is confident in being able to weather these scenarios, bolstered by a balance sheet strengthened through the pandemic. We continue to make investments to protect staff, optimise sales efficiencies and streamline existing activities. This includes increased IT spend to facilitate working from home, increasing system resilience and further growing sales.

Principal risks and uncertainties

The Company's operations expose it to a variety of financial risks, changes in exchange rates being key among them. The Company has in place a risk management programme that seeks to limit the adverse effects on the Company. Cash flow is an area that is regularly monitored and the ompany is supported by an overdraft facility. The prospect of Brexit and the uncertainty as it concerns the future trading relationship with the EU is a significant risk which is being addressed through diversification of sales channels.

Financial key performance indicators

The directors consider that an analysis using key performance indicators includes only the overall gross profit percentage for an understanding of the performance and development of the Company. Gross profit percentage for 2020 was 10.2% (2019: 10.0%).

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

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Mr T Ahmed
Director

Date: 30/06/2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

Directors' responsibilities statement

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

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

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

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

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

Principal activity

The principal activity of the company during the year was that of selling books.

Results and dividends

The profit for the year, after taxation, amounted to £224,527 (2019 - £126,749).

Directors

The directors who served during the year were:

Mr T Ahmed
Mr M Ahmed

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Future developments

The focus of the business over the coming year is to nurture the new growth streams currently in development and also to continue to optimise existing sales channels. Continued emphasis will also be placed on efficiency, to further develop gross margins.

Directors' indemnity insurance

Directors' liability and indemnity insurance was in force throughout the year to cover the directors and officers of the company against actions brought against them in their personal capacity. Neither the insurance nor the indemnity provide cover where the individual has acted fraudulently or dishonestly.

Research and development activities

Wrap continues to look at ways to improve its operational efficiency.

Disclosure of information to auditors

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

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

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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Mr T Ahmed
Director

Date: 30/06/2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF WRAP LIMITED

Opinion

We have audited the financial statements of Wrap Limited (the 'Company') for the year ended 30 September 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes In Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF WRAP LIMITED (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF WRAP LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Tasneem Bharmal FCCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditors

6th Floor
2 London Wall Place
London
EC2Y 5AU

Date: 30/06/2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Turnover	4	**23,893,866**	22,438,036
Cost of sales		**(21,451,490)**	(20,192,962)
Gross profit		**2,442,376**	2,245,074
Administrative expenses		**(2,822,294)**	(2,330,086)
Other operating income	5	**584,677**	170,000
Operating profit	6	**204,759**	84,988
Interest receivable and similar income	10	**88,635**	92,649
Interest payable and expenses	11	**(31,614)**	(20,389)
Profit before tax		**261,780**	157,248
Tax on profit	12	**(37,253)**	(30,499)
Profit for the financial year		**224,527**	126,749

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 10 to 27 form part of these financial statements.

WRAP LIMITED
REGISTERED NUMBER: 03800600

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	13		282,346		302,082
			282,346		302,082
Current assets					
Stocks	14	503,039		672,485	
Debtors	15	4,274,868		5,362,468	
Cash at bank and in hand	16	2,100,363		995,470	
		6,878,270		7,030,423	
Creditors: amounts falling due within one year	17	(5,715,283)		(6,064,657)	
Net current assets			1,162,987		965,766
Total assets less current liabilities			1,445,333		1,267,848
Creditors: amounts falling due after more than one year	18		(60,157)		(95,109)
Provisions for liabilities					
Deferred tax	19	(9,893)		(21,983)	
			(9,893)		(21,983)
Net assets			1,375,283		1,150,756
Capital and reserves					
Called up share capital	20		2		2
Profit and loss account			1,375,281		1,150,754
			1,375,283		1,150,756

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

Mr T Ahmed
Director

Date: 30/06/2021

The notes on pages 10 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2018	**2**	**1,024,005**	**1,024,007**
Profit for the year	-	126,749	126,749
At 1 October 2019	**2**	**1,150,754**	**1,150,756**
Profit for the year	-	224,527	224,527
At 30 September 2020	**2**	**1,375,281**	**1,375,283**

The notes on pages 10 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. General information

Wrap Limited is a private company, limited by shares, incorporated in England and Wales in the United Kingdom. The address of the registered office is given in the company information page of these financial statements. The nature of the company's operations and principal activity is selling books.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The financial statements have been prepared in £ sterling, the functional currency, rounded to the nearest £1.

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the company's operations, mainly being the fall in stock levels due to fewer suppliers operating at full capacity. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast performance taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- *the requirements of Section 7 Statement of Cash Flows;*
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Anthracite Holdings Limited as at 30 September 2020 and these financial statements may be obtained from the registered office of 46-48 Portman Road, Reading, United Kingdom, RG30 1EA.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.9 Finance costs

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

2.10 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Current and deferred taxation

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

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

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

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

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

2. Accounting policies (continued)

2.13 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Property	- over the lease period of ten years
Plant and machinery	- 2 and 3 years straight line
Fixtures and fittings	- 3 years straight line
Office equipment	- 3 years straight line
Assets under construction	- not depreciated until brought into use

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.14 Stocks

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

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

2.15 Debtors

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

2.16 Cash and cash equivalents

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

2. Accounting policies (continued)

2.17 Creditors

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

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.19 Financial instruments

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

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 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 key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Valuation of Stock

Stock is included at the lower of cost and net realisable value. The directors have reviewed the stock obsolescence policy and are satisfied that stock is fairly valued at the year end.

Fixed Assets

Judgements have been made in relation to the lives of tangible assets in particular the useful economic life and residual values of plant and machinery. The directors have concluded that the asset values and residual values are appropriate.

Debtors

Judgements have been made in relation to the recoverability of trade and other debtors. The directors have reviewed the debtors and are satisfied in relation to recoverability.

4. Turnover

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

	2020 £	2019 £
Sales of books and materials	**23,893,866**	22,438,036
	23,893,866	22,438,036

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	**13,141,626**	10,624,220
Rest of the world	**10,752,240**	11,813,816
	23,893,866	22,438,036

5. Other operating income

	2020 £	2019 £
Management charge receivable	**130,000**	170,000
Government grants receivable	**454,677**	-
	584,677	170,000

The company received £454,677 (2019 - £nil) in respect of government grants under the Coronavirus Job Retention Scheme in respect of relevant staff.

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	**171,066**	116,209
Exchange differences	**1,474**	(59,988)
Operating lease rentals	**180,000**	180,000
Defined contribution pension cost	**50,502**	34,891

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**12,000**	10,750

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

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

	2020 £	2019 £
Wages and salaries	3,326,443	3,099,224
Social security costs	258,875	240,794
Cost of defined contribution scheme	50,502	34,891
	3,635,820	3,374,909

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

	2020 No.	2019 No.
Warehouse	147	144
Head Office	21	18
	168	162

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	14,700	14,700
	14,700	14,700

The directors are considered as the key management personnel for the company.

The aggregate key management personnel compensation for the year was £14,700 (2019: £14,700).

There are no pension benefits accruing to directors under the company's defined contribution pension arrangements (2019: none).

10. Interest receivable

	2020 £	2019 £
Other interest receivable	88,635	92,649
	88,635	92,649

11. Interest payable and similar charges

	2020 £	2019 £
Bank interest payable	10,658	8,869
Other loan interest payable	15,295	9,296
Finance leases and hire purchase contracts	5,516	2,224
Other interest payable	145	-
	31,614	20,389

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	49,343	5,918
	49,343	5,918
Total current tax	49,343	5,918
Deferred tax		
Origination and reversal of timing differences	(12,090)	24,581
Total deferred tax	(12,090)	24,581
Taxation on profit on ordinary activities	37,253	30,499

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	**261,780**	157,248
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**49,738**	29,877
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**-**	414
Timing differences leading to an increase (decrease) in the tax charge	**(12,485)**	208
Total tax charge for the year	**37,253**	30,499

13. Tangible fixed assets

	Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Assets under construction £
Cost or valuation					
At 1 October 2019	158,606	609,107	404,090	96,418	-
Additions	13,296	47,039	935	-	90,060
At 30 September 2020	171,902	656,146	405,025	96,418	90,060
Depreciation					
At 1 October 2019	91,719	386,362	396,067	91,991	-
Charge for the year	15,566	144,882	8,283	2,335	-
At 30 September 2020	107,285	531,244	404,350	94,326	-
Net book value					
At 30 September 2020	64,617	124,902	675	2,092	90,060
At 30 September 2019	66,887	222,745	8,023	4,427	-

13. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 October 2019	**1,268,221**
Additions	**151,330**
At 30 September 2020	**1,419,551**
Depreciation	
At 1 October 2019	**966,139**
Charge for the year	**171,066**
At 30 September 2020	**1,137,205**
Net book value	
At 30 September 2020	**282,346**
At 30 September 2019	302,082

14. Stocks

	2020 £	2019 £
Closing stock	**503,039**	672,485
	503,039	672,485

Stock recognised in cost of sales during the year as an expense was £5,763,457 (2019: £5,875,360).

15. Debtors

	2020 £	2019 £
Due after more than one year		
Other debtors	**1,058,333**	1,058,333
	1,058,333	1,058,333
Due within one year		
Trade debtors	**2,208,581**	2,791,375
Other debtors	**593,552**	1,000,645
Prepayments and accrued income	**414,402**	512,115
	4,274,868	5,362,468

Included in debtors due after more than one year is £1,058,333 (2019: £1,058,333) in respect of a loan (note 23).

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	**2,100,363**	995,470
Less: bank overdrafts	**-**	(620,706)
	2,100,363	374,764

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	-	620,706
Trade creditors	**2,591,439**	2,376,713
Amounts owed to group undertakings	**1,247,514**	1,506,784
Corporation tax	**49,343**	44,196
Other taxation and social security	**141,404**	62,167
Obligations under finance lease and hire purchase contracts	**60,239**	53,335
Other creditors	**263,254**	497,976
Accruals and deferred income	**1,362,090**	902,780
	5,715,283	6,064,657

Banks overdrafts of £Nil (2019: £620,706) are secured on all of the assets of the company. There is a cross guarantee and debenture in place to the bankers between Wrap Limited and T & M Properties Limited, a company in which Mr T Ahmed, a director of the company, is a director and shareholder.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

18. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	**60,157**	95,109
	60,157	95,109

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

19. Deferred taxation

	2020 £
At beginning of year	(21,983)
Charged to profit or loss	12,090
At end of year	**(9,893)**

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Depreciation in excess of capital allowances	(23,999)	(34,607)
Short term timing differences	14,106	12,624
	(9,893)	(21,983)

20. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2 (2019 - 2) Ordinary shares shares of £1 each	2	2

21. Pension commitments

The company operates a defined contribution pension scheme for employees. Pension costs in the year were £50,502 (2019: £34,891). Contributions totalling £74,238 (2019: £72,635) were payable at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 30 September 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	105,000	180,000
Later than 1 year and not later than 5 years	-	105,000
	105,000	285,000

23. Related party transactions

The company has taken advantage of the exemption available in Financial Reporting Standard 102 Section 33 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group. The consolidated financial statements of the ultimate parent company, Anthracite Holdings Limited are available from Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

Mr T Ahmed, the director of the company, is a director and shareholder of T & M Properties Limited. There is a cross guarantee and debenture in place to the bankers between Wrap Limited and T & M Properties Limited.

The following transactions were on an arms length basis:

During the year, Wrap Limited was charged rent of £180,000 (2019: £180,000) for commercial letting of one leased property by T & M Properties Limited. Included within other operating income is an amount accrued of £100,000 (2019: £130,000) which relates to a management charge receivable from T & M Properties Limited. At the year end, the company was owed £100,000 (2019: £130,000), included in accrued income in debtors. Included in trade debtors is an amount of £Nil (2019: £110,000) payable by T & M Properties Limited for the balance of the management charges. Included within other debtors due after more than one year at the year end is an amount of £1,058,333 (2019: £1,058,333) due from T & M Properties Limited in respect of three unsecured loans totalling £1,058,333 (2019: £1,058,333), and included within other debtors due within one year is interest of £571,175 (2019: £840,583) accrued on these loans. The loans are on an interest only repayment basis and are at a commercial rate of interest. The interest of £571,175 (2019: £840,583) is repayable on demand. At the year end, the total amount owed to the company in respect of these three loans and related interest is £1,629,508 (2019: £1,898,916).

Included in other debtors at the year end is an amount owed to the company from T & M Properties Limited of £Nil (2019: £87,000) in respect of a short term loan. The loan was unsecured, interest free and repayable on demand.

During the year the company was party to a new bank loan secured for £2.1m arranged through T & M Properties Limited. The bank loan is secured on all the assets of the company. There is also a cross guarantee and debenture in place to the bankers between the company, other group companies and T & M Properties Limited.

Mr R Ahmed, the director and shareholder of Rag Collections Limited, is the father of Mr T Ahmed and Mr M Ahmed, the directors of Wrap Limited.

During the year, sales of £29,267 (2019: £74,204) and purchases of £1,477,748 (2019: £2,098,102) were made to and from Rag Collections Limited. At the year end, the net amount owed to Rag Collections Limited was £461,279 (2019: £682,308), included between trade debtors and trade creditors.

Included in administration expenses is a management charge payable to Rag Collections Limited of £151,000 (2019: £115,000). At the year end, the company owed £151,000 (2019: £115,000), included in accruals, to Rag Collections Limited.

Included within trade creditors at the year end is an amount of £90,000 (2019: £90,000) due to TMJ Textiles SPZOO, a company incorporated in Poland, of which Mr R Ahmed is the director and sole shareholder. This balance is unsecured, interest free and repayable on demand.

During the year the company purchased IT consultancy services on an arms length basis for £695,230 (2019: £476,310) from Market Dynamics, a company in which a director of the company, Mr T Ahmed, has an interest as a shareholder. The net balance of trade creditors and accruals at the year end is an

23. Related party transactions (continued)

amount of £863,042 (2019: £177,200) owed to Market Dynamics.

Included in other debtors at the year end is an amount of £Nil (2019: £56,075) owed to the company from Nour Investments Limited, a company where Mr T Ahmed and Mr M Ahmed are also directors and shareholders, in respect of a loan. The loan was unsecured, interest free and repayable on demand.

Included in other debtors at the year end is an amount of £18,000 (2019: £Nil) owed to the company from Saffron Alley Limited, a company where Mr T Ahmed and Mr M Ahmed are also directors and shareholders, in respect of a loan. The loan is unsecured, interest free and repayable on demand.

24. Ultimate controlling party

The company was under the control of Mr T Ahmed and Mr M Ahmed throughout the year and the previous year by virtue of a controlling interest in the ultimate parent company.

25. Parent entity

The immediate and ultimate parent entity is Anthracite Holdings Limited, a company incorporated in the United Kingdom with a registered office of 46-48 Portman Road, Reading, RG30 1EA.