

**STRATEGIC REPORT, DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019  
FOR  
SPECIALIST CRAFTS LIMITED**

Forus Audit LLP  
Chartered Accountants and Statutory Auditor  
Hamilton Office Park  
31 High View Close  
Leicester  
Leicestershire  
LE4 9LJ

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For The Year Ended 31 August 2019**

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**SPECIALIST CRAFTS LIMITED**  
**COMPANY INFORMATION**  
**For The Year Ended 31 August 2019**

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**DIRECTORS:**

L Williamson  
N Beavon

**REGISTERED OFFICE:**

Hamilton House  
21 Mountain Road  
Leicester  
Leicestershire  
LE4 9HQ

**REGISTERED NUMBER:**

04094887 (England and Wales)

**INDEPENDENT AUDITORS:**

Fortus Audit LLP  
Chartered Accountants and Statutory Auditor  
Hamilton Office Park  
31 High View Close  
Leicester  
Leicestershire  
LE4 9LJ

**SOLICITORS:**

Flint Bishop LLP  
St Michael's Court  
St Michael's Lane  
Derby  
DE1 3HQ

**STRATEGIC REPORT  
For The Year Ended 31 August 2019**

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The directors present their strategic report for the year ended 31 August 2019.

**REVIEW OF BUSINESS**

The company has achieved an overall increase in sales in 2018-19 of 6% and continues to expand in its web presence and diversify into more retail style products. Elimination of non-profit making websites has reduced turnover in recent years as well as some transfer of business to fellow group company, Dryad General Trading LLC. The wider economic environment is likely to mean that trading conditions remain challenging but the directors remain confident that by continuing to invest in marketing and internal systems the business will continue to prosper.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the business continue to be the competitive nature of the market place in which the company operates and the impact of Government spending cuts on the customer base.

**ON BEHALF OF THE BOARD:**

N Beavon - Director

30 June 2020

**DIRECTORS' REPORT**  
**For The Year Ended 31 August 2019**

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The directors present their report with the financial statements of the company for the year ended 31 August 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of wholesaling of arts and crafts materials, by mail order and via the internet.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 August 2019.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 September 2018 to the date of this report.

L Williamson  
N Beavon

Other changes in directors holding office are as follows:

A Beavon - resigned 24 January 2019

**FINANCIAL INSTRUMENTS**

**Financial risk management objectives and policies**

The company uses financial instruments comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

**Price risk, credit risk, liquidity risk and cash flow risk**

**Interest rate risk**

The company finances its operations through a mixture of retained profits, bank borrowings and other borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

**Liquidity risk**

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities.

**Currency risk**

The company is exposed to transaction foreign exchange risk. Transaction exposures are hedged when known, mainly using the forward hedge market.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**DIRECTORS' REPORT  
For The Year Ended 31 August 2019**

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**AUDITORS**

In accordance with section 485 of the Companies Act 2006, the auditors, Fortus Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

N Beavon - Director

30 June 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**For The Year Ended 31 August 2019**

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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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
SPECIALIST CRAFTS LIMITED**

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**Opinion**

We have audited the financial statements of Specialist Crafts Limited (the 'company') for the year ended 31 August 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 31 August 2019 and of its loss 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 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**

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 in the Strategic Report, the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors 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 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.

**Opinions 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.



## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SPECIALIST CRAFTS LIMITED

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### **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 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 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 Statement of Directors' Responsibilities set out on page five, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.

Richard Buckby FCA (Senior Statutory Auditor)  
for and on behalf of Fortus Audit LLP  
Chartered Accountants and Statutory Auditor  
Hamilton Office Park  
31 High View Close  
Leicester  
Leicestershire  
LE4 9LJ

30 June 2020

**STATEMENT OF COMPREHENSIVE INCOME**  
**For The Year Ended 31 August 2019**

	Notes	2019 £	2018 £
<b>TURNOVER</b>	4	10,443,676	9,890,191
Cost of sales		<u>7,372,605</u>	<u>6,513,360</u>
<b>GROSS PROFIT</b>		3,071,071	3,376,831
Administrative expenses		<u>3,137,509</u>	<u>2,916,902</u>
<b>OPERATING (LOSS)/PROFIT</b>	7	(66,438)	459,929
Interest receivable and similar income	9	<u>24</u>	<u>155</u>
		(66,414)	460,084
Interest payable and similar expenses	10	<u>8,169</u>	<u>21,690</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(74,583)	438,394
Tax on (loss)/profit	11	<u>24,912</u>	<u>80,945</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(99,495)	357,449
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(99,495)</u>	<u>357,449</u>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 August 2019**

	Notes	2019 £	£	2018 £	£
<b>FIXED ASSETS</b>					
Intangible assets	13		252,201		411,491
Tangible assets	14		240,588		232,036
Investments	15		<u>75,100</u>		<u>75,100</u>
			567,889		718,627
<b>CURRENT ASSETS</b>					
Stocks	16	1,821,858		1,989,169	
Debtors	17	3,138,029		3,017,810	
Cash at bank and in hand		<u>1,099</u>		<u>848</u>	
		4,960,986		5,007,827	
<b>CREDITORS</b>					
Amounts falling due within one year	18	<u>2,324,997</u>		<u>2,380,083</u>	
<b>NET CURRENT ASSETS</b>			<u>2,635,989</u>		<u>2,627,744</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,203,878		3,346,371
<b>CREDITORS</b>					
Amounts falling due after more than one year	19		(734)		(47,612)
<b>PROVISIONS FOR LIABILITIES</b>	22		<u>(28,066)</u>		<u>(24,186)</u>
<b>NET ASSETS</b>			<u>3,175,078</u>		<u>3,274,573</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		2,000,000		2,000,000
Retained earnings	24		<u>1,175,078</u>		<u>1,274,573</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>3,175,078</u>		<u>3,274,573</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2020 and were signed on its behalf by:

N Beavon - Director

STATEMENT OF CHANGES IN EQUITY  
For The Year Ended 31 August 2019

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 September 2017</b>	2,000,000	1,101,788	3,101,788
<b>Changes in equity</b>			
Dividends	-	(184,664)	(184,664)
Total comprehensive income	-	357,449	357,449
<b>Balance at 31 August 2018</b>	2,000,000	1,274,573	3,274,573
<b>Changes in equity</b>			
Total comprehensive income	-	(99,495)	(99,495)
<b>Balance at 31 August 2019</b>	2,000,000	1,175,078	3,175,078

**CASH FLOW STATEMENT**  
**For The Year Ended 31 August 2019**

		2019	2018
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(516,403)	455,764
Interest paid		(8,169)	(21,690)
Tax paid		(90,902)	(129,435)
Net cash from operating activities		<u>(615,474)</u>	<u>304,639</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(102,669)	(55,910)
Interest received		24	155
Net cash from investing activities		<u>(102,645)</u>	<u>(55,755)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(105,940)	(96,022)
Equity dividends paid		-	(184,664)
Net cash from financing activities		<u>(105,940)</u>	<u>(280,686)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(824,059)</u>	<u>(31,802)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	(454,120)	(422,318)
<b>Cash and cash equivalents at end of year</b>	2	<u>(394,401)</u>	<u>(454,120)</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
**For The Year Ended 31 August 2019**

**1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2019	2018
	£	£
(Loss)/profit before taxation	(74,583)	438,394
Depreciation charges	253,411	239,656
Finance costs	8,169	21,690
Finance income	(24)	(155)
	<u>186,973</u>	<u>699,585</u>
Decrease/(increase) in stocks	167,311	(169,639)
(Increase)/decrease in trade and other debtors	(1,003,997)	105,306
Increase/(decrease) in trade and other creditors	<u>133,310</u>	<u>(179,488)</u>
<b>Cash generated from operations</b>	<u><u>(516,403)</u></u>	<u><u>455,764</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 August 2019**

	31.8.19	1.9.18
	£	£
Cash and cash equivalents	1,099	848
Bank overdrafts	<u>(395,500)</u>	<u>(454,968)</u>
	<u><u>(394,401)</u></u>	<u><u>(454,120)</u></u>

**Year ended 31 August 2018**

	31.8.18	1.9.17
	£	£
Cash and cash equivalents	848	1,059
Bank overdrafts	<u>(454,968)</u>	<u>(423,377)</u>
	<u><u>(454,120)</u></u>	<u><u>(422,318)</u></u>

ERROR MESSAGES FROM THE CASH FLOW STATEMENT  
For The Year Ended 31 August 2019

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\*\* CURRENT YEAR - MOVEMENT IN CASH AND CASH EQUIVALENTS  
AS CALCULATED IN CASH FLOW STATEMENT  
DOES NOT AGREE TO MOVEMENT PER BALANCE SHEET

COMPARE MOVEMENT ON CASH FLOW STATEMENT	=	(824,059)
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TO	MOVEMENT PER BALANCE SHEET		
	CASH AND CASH EQUIVALENTS LESS BANK OVERDRAFTS		
	251 - (59,468)	=	59,719

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 31 August 2019**

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**1. STATUTORY INFORMATION**

Specialist Crafts Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Preparation of consolidated financial statements**

The financial statements contain information about Specialist Crafts Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

**Significant judgements and estimates**

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

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/ value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2002, is being amortised evenly over its estimated useful life of twenty years.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	- Straight line over 4 years and Straight line over 10 years
Fixtures and fittings	- Straight line over 5 years and Straight line over 20 years
Computer equipment	- Straight line over 5 years



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 August 2019**

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**2. ACCOUNTING POLICIES - continued**

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where the fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income. .

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 August 2019**

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**2. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease Payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

**TRADE CREDITORS**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of the business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 August 2019**

**2. ACCOUNTING POLICIES - continued****Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

**SHARE CAPITAL**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**GOING CONCERN**

The directors have considered the impact of COVID-19 in relation to their assessment of going concern and in their opinion have taken all reasonable steps to mitigate these factors. As at the point of authorising the accounts, and for the foreseeable future, the directors consider the going concern assumption to still be appropriate. The directors acknowledge that given the currently rapidly changing business and social environment, there are likely to be significant unknown factors which may present themselves. Such factors are considered by the directors to represent a general inherent level of risk in relation to the going concern assumption albeit not quantifiable at this time.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Trade debtors - The directors carefully consider the recoverability of trade debtors based on their experience of customers' payment history and the likelihood of recovery.

Determining net realisable values of stocks - In determining the net realisable value of stocks, management takes into account the most reliable evidence available at the dates the estimates are made.

**4. TURNOVER**

The turnover and loss (2018 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019	2018
	£	£
UK	9,199,690	8,250,571
Overseas	1,243,986	1,639,620
	<u>10,443,676</u>	<u>9,890,191</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 August 2019**

**5. EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and salaries	2,304,638	1,901,683
Social security costs	204,177	174,011
Other pension costs	19,255	14,693
	<u>2,528,070</u>	<u>2,090,387</u>

The average number of employees during the year was as follows:

	2019	2018
Directors	3	3
Other departments	<u>59</u>	<u>59</u>
	<u>62</u>	<u>62</u>

**6. DIRECTORS' EMOLUMENTS**

	2019	2018
	£	£
Directors' remuneration	<u>311,954</u>	<u>160,493</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 August 2019 is as follows:

	2019
	£
Emoluments etc	<u>187,619</u>

**7. OPERATING (LOSS)/PROFIT**

The operating loss (2018 - operating profit) is stated after charging/(crediting):

	2019	2018
	£	£
Other operating leases	47,763	45,385
Depreciation - owned assets	94,117	80,365
Goodwill amortisation	159,290	159,290
Foreign exchange differences	(552)	40,916
Operating lease expense - Vehicles	<u>43,843</u>	<u>50,626</u>

**8. AUDITORS' REMUNERATION**

	2019	2018
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>8,030</u>	<u>8,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 August 2019**

**9. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019	2018
	£	£
Deposit account interest	<u>24</u>	<u>155</u>

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019	2018
	£	£
Bank interest	12,943	13,554
Bank loan interest	<u>(4,774)</u>	<u>8,136</u>
	<u>8,169</u>	<u>21,690</u>

**11. TAXATION****Analysis of the tax charge**

The tax charge on the loss for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	19,260	87,593
Under provision in prior years	<u>1,772</u>	<u>-</u>
Total current tax	<u>21,032</u>	<u>87,593</u>
Deferred tax	<u>3,880</u>	<u>(6,648)</u>
Tax on (loss)/profit	<u>24,912</u>	<u>80,945</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
(Loss)/profit before tax	<u>(74,583)</u>	<u>438,394</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(14,171)	83,295
Effects of:		
Expenses not deductible for tax purposes	7,227	1,490
Depreciation in excess of capital allowances	27,129	2,808
Utilisation of tax losses	(925)	-
Adjustments to tax charge in respect of previous periods	1,772	-
Deferred tax movement	<u>3,880</u>	<u>(6,648)</u>
Total tax charge	<u>24,912</u>	<u>80,945</u>

**12. DIVIDENDS**

	2019	2018
	£	£
A Ordinary shares of 1 each		
Final	<u>-</u>	<u>184,664</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 31 August 2019

## 13. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 September 2018 and 31 August 2019	<u>3,551,791</u>
<b>AMORTISATION</b>	
At 1 September 2018	3,140,300
Amortisation for year	<u>159,290</u>
At 31 August 2019	<u>3,299,590</u>
<b>NET BOOK VALUE</b>	
At 31 August 2019	<u>252,201</u>
At 31 August 2018	<u>411,491</u>

## 14. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 September 2018	251,669	118,656	703,659	12,297	1,086,281
Additions	-	575	100,629	1,465	102,669
At 31 August 2019	<u>251,669</u>	<u>119,231</u>	<u>804,288</u>	<u>13,762</u>	<u>1,188,950</u>
<b>DEPRECIATION</b>					
At 1 September 2018	184,635	78,690	579,161	11,759	854,245
Charge for year	<u>27,679</u>	<u>10,015</u>	<u>56,106</u>	<u>317</u>	<u>94,117</u>
At 31 August 2019	<u>212,314</u>	<u>88,705</u>	<u>635,267</u>	<u>12,076</u>	<u>948,362</u>
<b>NET BOOK VALUE</b>					
At 31 August 2019	<u>39,355</u>	<u>30,526</u>	<u>169,021</u>	<u>1,686</u>	<u>240,588</u>
At 31 August 2018	<u>67,034</u>	<u>39,966</u>	<u>124,498</u>	<u>538</u>	<u>232,036</u>

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Plant and machinery	<u>13,750</u>	<u>15,950</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 31 August 201915. **FIXED ASSET INVESTMENTS**Shares in  
group  
undertakings  
£**COST**At 1 September 2018  
and 31 August 201975,100**NET BOOK VALUE**

At 31 August 2019

75,100

At 31 August 2018

75,100

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Specialist Crafts Leicester Limited**

Registered office: England

Nature of business: Dormant

Class of shares:

Ordinary

%  
holding  
100.00**Crafty Computer Paper Limited**

Registered office: England

Nature of business: Dormant

Class of shares:

Ordinary

%  
holding  
100.0016. **STOCKS**

Stocks

2019  
£1,821,8582018  
£1,989,16917. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Trade debtors

2019  
£  
1,824,7532018  
£

1,559,813

Amounts owed by group undertakings

-

885,828

Other debtors

1,148,515

419,068

Prepayments and accrued income

164,761153,1013,138,0293,017,810

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 August 2019**

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Bank loans and overdrafts (see note 20)	395,500	454,968
Other loans (see note 20)	33,752	92,810
Hire purchase contracts (see note 21)	4,400	4,400
Trade creditors	1,495,572	1,445,565
Amounts owed to group undertakings	75,100	75,100
Tax	19,260	89,130
Social security and other taxes	40,213	50,797
VAT	145,053	94,314
Accrued expenses	116,147	72,999
	<u>2,324,997</u>	<u>2,380,083</u>

**19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019	2018
	£	£
Other loans (see note 20)	-	42,478
Hire purchase contracts (see note 21)	734	5,134
	<u>734</u>	<u>47,612</u>

**20. LOANS**

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	395,500	454,968
Other loans	33,752	92,810
	<u>429,252</u>	<u>547,778</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	-	42,478

**21. LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	2019	2018
	£	£
Net obligations repayable:		
Within one year	4,400	4,400
Between one and five years	734	5,134
	<u>5,134</u>	<u>9,534</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 31 August 2019

## 22. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax		
Accelerated capital allowances	24,186	30,834
Other timing differences	3,880	(6,648)
	<u>28,066</u>	<u>24,186</u>
		Deferred tax
		£
Balance at 1 September 2018		24,186
Charge to Statement of Comprehensive Income during year		3,880
Balance at 31 August 2019		<u>28,066</u>

## 23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
1,040,001	A Ordinary	1	1,040,001	1,040,001
479,999	B Ordinary	1	479,999	479,999
479,999	C Ordinary	1	479,999	479,999
1	D Ordinary	1	1	1
			<u>2,000,000</u>	<u>2,000,000</u>

## 24. RESERVES

	Retained earnings £
At 1 September 2018	1,274,573
Deficit for the year	(99,495)
At 31 August 2019	<u>1,175,078</u>

## 25. ULTIMATE PARENT COMPANY

Dryad Leicester Limited is regarded by the directors as being the company's ultimate parent company.

Dryad Leicester Limited is owned and controlled by the Directors of Specialist Crafts Limited.

## 26. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, a total of key management personnel compensation of £ 311,954 (2018 - £ 168,211 ) was paid.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.