

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE PERIOD 3 SEPTEMBER 2022 TO 30 JUNE 2023
FOR
SPECIALIST CRAFTS LIMITED**

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For The Period 3 September 2022 to 30 June 2023**

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SPECIALIST CRAFTS LIMITED
COMPANY INFORMATION
For The Period 3 September 2022 to 30 June 2023

DIRECTORS:	D W Edwards S Khele
REGISTERED OFFICE:	Hamilton House 21 Mountain Road Leicester Leicestershire LE4 9HQ
REGISTERED NUMBER:	04094887 (England and Wales)
INDEPENDENT AUDITORS:	TC Group 31 High View Close Hamilton Office Park Leicester Leicestershire LE4 9LJ

STRATEGIC REPORT
For The Period 3 September 2022 to 30 June 2023

The directors present their strategic report for the period 3 September 2022 to 30 June 2023.

REVIEW OF BUSINESS

The company delivered strong revenue growth for the 10 months to 30 June 2023, which was primarily driven by increased market share in international markets.

Inflationary driven headwinds continued in the 10 months to 30 June 2023, however strong procurement effectiveness, operational efficiency gains and robust cost control delivered improved margins and increased profitability from continued operations.

One off restructuring costs in the period equated to £137,000, which included the closure of Galway Art Shop that was a loss-making section of the Ireland operation.

Enhanced cashflow growth for the period was also achieved through strong Trade Debtor results and increased profitability.

Whilst the economic climate remains a challenge, the board of directors continue to invest in marketing, technology developments and optimising operational processes to advance and preserve the continued business prosperity.

KEY PERFORMANCE INDICATORS

The company's performance during the period was as follows:

	2023 (10 months)	2022 (10 months)	2022 (12 months)
Turnover	11,389,249	11,201,504	15,190,596
EBITDA	887,314	819,816	1,331,580
Restructuring Costs	(137,000)	-	-
EBT	590,883	695,602	1,169,453
Headcount	68	70	70

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.

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.

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 fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

STRATEGIC REPORT
For The Period 3 September 2022 to 30 June 2023

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.

ON BEHALF OF THE BOARD:

D W Edwards - Director

30 November 2023

DIRECTORS' REPORT
For The Period 3 September 2022 to 30 June 2023

The directors present their report with the financial statements of the company for the period 3 September 2022 to 30 June 2023.

PRINCIPAL ACTIVITY

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

DIVIDENDS

The total distribution of dividends for the period ended 30 June 2023 will be £ 300,000 .

DIRECTORS

D W Edwards has held office during the whole of the period from 3 September 2022 to the date of this report.

Other changes in directors holding office are as follows:

S Khele - appointed 1 May 2023

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' REPORT
For The Period 3 September 2022 to 30 June 2023

AUDITORS

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

ON BEHALF OF THE BOARD:

D W Edwards - Director

30 November 2023

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
For The Period 3 September 2022 to 30 June 2023**

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**

Opinion

We have audited the financial statements of Specialist Crafts Limited (the 'company') for the period ended 30 June 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 June 2023 and of its profit for the period 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

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 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 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 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

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 six, 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.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK GAAP and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes and discussions with those charged with governance.

We assess the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by discussion with management from various parts of the business to understand where they considered there was a susceptibility to fraud. We considered the procedures and controls that the company has established to prevent and detect fraud, and how these are monitored by management, and also any enhanced risk factors such as performance targets.

Based on our understanding, we designed our audit procedures to identify any non-compliance with laws and regulations identified in the paragraphs above.

We also performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 Report of the Auditors.

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

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 TC Group
31 High View Close
Hamilton Office Park
Leicester
Leicestershire
LE4 9LJ

30 November 2023

**STATEMENT OF COMPREHENSIVE
INCOME**
For The Period 3 September 2022 to 30 June 2023

		Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
	Notes		
TURNOVER	4	11,389,249	15,190,597
Cost of sales		<u>8,154,373</u>	<u>11,007,310</u>
GROSS PROFIT		3,234,876	4,183,287
Administrative expenses		<u>2,554,596</u>	<u>2,921,692</u>
OPERATING PROFIT	7	680,280	1,261,595
Interest receivable and similar income	9	<u>2,215</u>	<u>1,188</u>
		682,495	1,262,783
Interest payable and similar expenses	10	<u>91,613</u>	<u>93,240</u>
PROFIT BEFORE TAXATION		590,882	1,169,543
Tax on profit	11	<u>91,577</u>	<u>164,463</u>
PROFIT FOR THE FINANCIAL PERIOD		499,305	1,005,080
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>499,305</u>	<u>1,005,080</u>

BALANCE SHEET
30 June 2023

	Notes	2023 £	£	2022 £	£
FIXED ASSETS					
Intangible assets	13		79,378		66,231
Tangible assets	14		138,352		163,659
Investments	15		<u>75,000</u>		<u>75,000</u>
			292,730		304,890
CURRENT ASSETS					
Stocks	16	3,214,139		2,650,437	
Debtors	17	4,593,248		7,296,241	
Cash at bank		<u>405,112</u>		<u>130,270</u>	
		8,212,499		10,076,948	
CREDITORS					
Amounts falling due within one year	18	<u>3,690,836</u>		<u>5,524,726</u>	
NET CURRENT ASSETS			<u>4,521,663</u>		<u>4,552,222</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,814,393		4,857,112
CREDITORS					
Amounts falling due after more than one year	19		(600,000)		(850,000)
PROVISIONS FOR LIABILITIES	22		<u>(45,600)</u>		<u>(37,624)</u>
NET ASSETS			<u>4,168,793</u>		<u>3,969,488</u>
CAPITAL AND RESERVES					
Called up share capital	23		2,000,000		2,000,000
Retained earnings	24		<u>2,168,793</u>		<u>1,969,488</u>
SHAREHOLDERS' FUNDS			<u>4,168,793</u>		<u>3,969,488</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 November 2023 and were signed on its behalf by:

D W Edwards - Director

STATEMENT OF CHANGES IN EQUITY
For The Period 3 September 2022 to 30 June 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 4 September 2021	2,000,000	1,264,408	3,264,408
Changes in equity			
Dividends	-	(300,000)	(300,000)
Total comprehensive income	-	1,005,080	1,005,080
Balance at 2 September 2022	2,000,000	1,969,488	3,969,488
Changes in equity			
Dividends	-	(300,000)	(300,000)
Total comprehensive income	-	499,305	499,305
Balance at 30 June 2023	2,000,000	2,168,793	4,168,793

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For The Period 3 September 2022 to 30 June 2023

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.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Period 3 September 2022 to 30 June 2023

2. ACCOUNTING POLICIES - continued**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.

Short leasehold	- Straight line over 10 years
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

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 period 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 period 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Period 3 September 2022 to 30 June 2023

2. ACCOUNTING POLICIES - continued

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.

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 Period 3 September 2022 to 30 June 2023

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.

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 profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
United Kingdom	7,612,028	9,980,758
Europe	1,120,065	1,131,342
Rest of the world	2,657,156	4,078,497
	<u>11,389,249</u>	<u>15,190,597</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Period 3 September 2022 to 30 June 2023

5. EMPLOYEES AND DIRECTORS

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
Wages and salaries	1,693,685	1,947,928
Social security costs	164,990	177,825
Other pension costs	24,479	31,252
	<u>1,883,154</u>	<u>2,157,005</u>

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

	Period 3.9.22 to 30.6.23	Period 4.9.21 to 2.9.22
Directors	1	2
Other departments	<u>67</u>	<u>68</u>
	<u>68</u>	<u>70</u>

6. DIRECTORS' EMOLUMENTS

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
Directors' remuneration	102,432	156,050
Directors' pension contributions to money purchase schemes	<u>1,835</u>	<u>1,320</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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7. OPERATING PROFIT

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

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
Other operating leases	23,078	33,315
Depreciation - owned assets	39,010	47,641
Loss/(profit) on disposal of fixed assets	4,471	(26,297)
Computer software amortisation	31,023	22,344
Foreign exchange differences	39,094	31,888
Operating lease expense - Vehicles	<u>26,702</u>	<u>32,852</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Period 3 September 2022 to 30 June 2023

8. AUDITORS' REMUNERATION

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>14,653</u>	<u>13,500</u>

The above auditors' remuneration includes fees in relation to the audit of the parent company, Dryad Creative Limited.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
Deposit account interest	<u>2,215</u>	<u>1,188</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
Bank loan interest	<u>91,613</u>	<u>93,240</u>

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

The tax charge on the profit for the period was as follows:

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
Current tax: UK corporation tax	83,601	145,680
Deferred tax	<u>7,976</u>	<u>18,783</u>
Tax on profit	<u>91,577</u>	<u>164,463</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Period 3 September 2022 to 30 June 2023

11. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

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

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
Profit before tax	<u>590,882</u>	<u>1,169,543</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20.810% (2022 - 19%)	122,963	222,213
Effects of:		
Expenses not deductible for tax purposes	17,382	278
Capital allowances in excess of depreciation	(1,732)	(23,272)
Adjustments to tax charge in respect of previous periods	(19)	-
Deferred tax movement	(541)	18,783
Group relief	(57,680)	(53,539)
Adjustment in respect of PY Deferred Tax	11,204	-
Total tax charge	<u>91,577</u>	<u>164,463</u>

12. DIVIDENDS

	Period 3.9.22 to 30.6.23 £	Period 4.9.21 to 2.9.22 £
A Ordinary shares of £1 each Final	<u>300,000</u>	<u>300,000</u>

13. INTANGIBLE FIXED ASSETS

	Goodwill £	Computer software £	Totals £
COST			
At 3 September 2022	3,551,791	88,575	3,640,366
Additions	-	44,170	44,170
At 30 June 2023	<u>3,551,791</u>	<u>132,745</u>	<u>3,684,536</u>
AMORTISATION			
At 3 September 2022	3,551,791	22,344	3,574,135
Amortisation for period	-	31,023	31,023
At 30 June 2023	<u>3,551,791</u>	<u>53,367</u>	<u>3,605,158</u>
NET BOOK VALUE			
At 30 June 2023	<u>-</u>	<u>79,378</u>	<u>79,378</u>
At 2 September 2022	<u>-</u>	<u>66,231</u>	<u>66,231</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Period 3 September 2022 to 30 June 2023

14. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 3 September 2022	269,226	123,964	854,177	17,584	1,264,951
Additions	7,391	1,995	8,788	-	18,174
Disposals	(219,664)	(35,782)	(33,119)	-	(288,565)
Reclassification/transfer	1,613	(10,180)	(44,246)	52,813	-
At 30 June 2023	<u>58,566</u>	<u>79,997</u>	<u>785,600</u>	<u>70,397</u>	<u>994,560</u>
DEPRECIATION					
At 3 September 2022	256,064	111,430	719,420	14,378	1,101,292
Charge for period	4,671	3,440	30,140	759	39,010
Eliminated on disposal	(216,804)	(32,898)	(34,392)	-	(284,094)
Reclassification/transfer	(1,024)	(7,380)	(43,371)	51,775	-
At 30 June 2023	<u>42,907</u>	<u>74,592</u>	<u>671,797</u>	<u>66,912</u>	<u>856,208</u>
NET BOOK VALUE					
At 30 June 2023	<u>15,659</u>	<u>5,405</u>	<u>113,803</u>	<u>3,485</u>	<u>138,352</u>
At 2 September 2022	<u>13,162</u>	<u>12,534</u>	<u>134,757</u>	<u>3,206</u>	<u>163,659</u>

15. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 3 September 2022 and 30 June 2023	<u>75,000</u>
NET BOOK VALUE	
At 30 June 2023	<u>75,000</u>
At 2 September 2022	<u>75,000</u>

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

	% holding
Class of shares:	100.00
Ordinary	

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Period 3 September 2022 to 30 June 2023

16. STOCKS

	2023	2022
	£	£
Stocks	2,168,601	1,904,342
Goods In Transit	<u>1,045,538</u>	<u>746,095</u>
	<u>3,214,139</u>	<u>2,650,437</u>

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	1,370,299	2,356,612
Amounts owed by group undertakings	2,664,303	1,592,276
Other debtors	100,000	2,784,188
VAT	79,887	120,538
Prepayments and accrued income	<u>378,759</u>	<u>442,627</u>
	<u>4,593,248</u>	<u>7,296,241</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Debt Factoring facility (CID) (see note 20)		
	216,246	816,948
Other loans (see note 20)	300,000	300,000
Trade creditors	2,514,907	3,802,101
Amounts owed to group undertakings	75,000	75,000
Corporation tax	46,961	205,900
Social security and other taxes	74,189	75,501
Other creditors	156,036	50,160
Accrued expenses	<u>307,497</u>	<u>199,116</u>
	<u>3,690,836</u>	<u>5,524,726</u>

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

	2023	2022
	£	£
Other loans (see note 20)	<u>600,000</u>	<u>850,000</u>

Loans totalling £1,500,000 are secured on all the property and undertaking of the company.

20. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Debt Factoring facility (CID)	216,246	816,948
Other loans	<u>300,000</u>	<u>300,000</u>
	<u>516,246</u>	<u>1,116,948</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Period 3 September 2022 to 30 June 2023

20. LOANS - continued

	2023	2022
	£	£
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>300,000</u>	<u>300,000</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>300,000</u>	<u>550,000</u>

21. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	305,593	306,127
Between one and five years	1,655,075	1,630,151
In more than five years	<u>55,000</u>	<u>330,000</u>
	<u>2,015,668</u>	<u>2,266,278</u>

22. PROVISIONS FOR LIABILITIES

	2023	2022
	£	£
Deferred tax		
Accelerated capital allowances	<u>45,600</u>	<u>37,624</u>

	Deferred tax
	£
Balance at 3 September 2022	37,624
Charge to Statement of Comprehensive Income during period	<u>7,976</u>
Balance at 30 June 2023	<u>45,600</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023	2022
			£	£
1,040,001	A Ordinary	£1	479,999	479,999
479,999	B Ordinary	£1	1,040,001	1,040,001
479,999	C Ordinary	£1	479,999	479,999
1	D Ordinary	£1	<u>1</u>	<u>1</u>
			<u>2,000,000</u>	<u>2,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Period 3 September 2022 to 30 June 2023

24. RESERVES

	Retained earnings £
At 3 September 2022	1,969,488
Profit for the period	499,305
Dividends	(300,000)
At 30 June 2023	<u>2,168,793</u>

25. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £24,478 (2022 - £32,252).

No contributions were payable to the fund at either the current or prior balance sheet dates.

26. ULTIMATE PARENT COMPANY

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

Dryad Creative Limited is owned and controlled by the directors of Specialist Crafts Limited.

27. 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 period, a total of key management personnel compensation of £ 109,227 (2022 - £ 177,992) was paid.

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