

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 May 2022
for
Overseas Trading Limited**

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for the Year Ended 31 May 2022**

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Overseas Trading Limited
Company Information
for the Year Ended 31 May 2022

DIRECTORS:

J Buitekant
P R Jennings
R B Segal
C M J Barstow

SECRETARY:

J Buitekant

REGISTERED OFFICE:

OTL House
Methley Road
Castleford
WF10 1PA

REGISTERED NUMBER:

04442532 (England and Wales)

AUDITORS:

Queripel & Kettlewell Limited
Chartered Accountants & Statutory Auditors
The Barn
Hall Mews
Boston Spa
Wetherby
West Yorkshire
LS23 6DT

**Strategic Report
for the Year Ended 31 May 2022**

The directors present their strategic report for the year ended 31 May 2022.

REVIEW OF BUSINESS

During the financial year ending 31 May 2022, the company's financial performance and position have been significantly affected by the broader economic climate, driven by factors including the Covid-19 pandemic and associated lockdowns. The primary reason that the company was affected by these events was due to the impact on global supply chains, and in particular the shipping of physical products into the UK and Europe from suppliers in the Far East. Although the company benefits from strong supply chain management expertise, certain factors remain out of the company's control and were felt across the macroeconomic environment.

In this case, these factors included the availability of goods from suppliers due to manufacturing shutdowns, the cost of shipping goods, in particular in relation to the cost of arranging for container transport. There was also unprecedented delays in supply chains resulting in dislocation of normal business procurement patterns and subsequent overstocking of inappropriate goods and disruption at ports, which led to excessive demurrage charges due to logistics companies being unavailable to unload container ships.

During the year, there were also significant costs incurred associated with the company's move to a new warehouse site in Leeds, along with a reduction in margin on some products as a result of heavy discounting which was required following a period of supply chain disruption which left the company with inappropriate stock levels.

Irrespective of these factors, trading from a sales perspective has remained buoyant with revenue increasing by 8% from £22.4m to £24.2m. Year on year revenue growth since the financial year ending 31 May 2019 has been strong, with revenue in the period increasing by 50% from £16m to £24.2m. Although gross margin did reduce in the financial year due to the impact of lockdowns on critical supply chains, we note that the business continued to trade well, and the year on year revenue growth demonstrates that the performance of the business was hit by temporary supply issues as opposed to any fundamental issue with demand.

The historical growth in revenue can be attributed to the loyal, blue-chip client base, with customer relationships tending to be long-term, allowing the company to focus on growth rather than on retention and an excellent reputation in the industry, with excellent service levels maintained by executives with a wealth of experience.

PRINCIPAL RISKS AND UNCERTAINTIES

As mentioned although the company benefits from strong supply chain management expertise, certain factors remain out of the company's control and will continue to do so.

KEY PERFORMANCE INDICATORS

The company's main focus is the consistent growth in revenue over the last 3 years and this will continue to be the main driving factor.

STRATEGY AND FUTURE DEVELOPMENTS

The company will look to build on the strong relationships it has with its loyal client base whilst striving to build on this to keep revenue increasing and at the same time work to mitigate the factors that have affected gross profit in the financial year. The directors are confident that both of these aims will be achieved in the financial year to 31 May 2023.

ON BEHALF OF THE BOARD:

J Buitekant - Director

24 May 2023

**Report of the Directors
for the Year Ended 31 May 2022**

The directors present their report with the financial statements of the company for the year ended 31 May 2022.

DIVIDENDS

The total distribution of dividends for the year ended 31 May 2022 was £204,602.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2021 to the date of this report.

J Buitekant
P R Jennings
R B Segal

Other changes in directors holding office are as follows:

C M J Barstow - appointed 7 March 2022

A N Heys and D Morrow ceased to be directors after 31 May 2022 but prior to the date of this report.

FINANCIAL INSTRUMENTS

The company uses a variety of financial instruments to ensure that liabilities are met on time and these include the judicious use of bank overdrafts and loans, finance lease options and invoice discounting alongside normal working capital cycle items as trade debtors and creditors. The company is comfortable that sufficient liquidity is available to allow the company to trade effectively within its current financing arrangements. The company continues to utilise forward rate contracts to purchase foreign currency in order to protect against adverse exchange rate movements.

OVERSEAS BRANCHES

The company has an overseas branch based in Poland.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT 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.

**Report of the Directors
for the Year Ended 31 May 2022**

AUDITORS

The auditors, Queripel & Kettlewell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J Buitekant - Director

24 May 2023

Report of the Independent Auditors to the Members of Overseas Trading Limited

Opinion

We have audited the financial statements of Overseas Trading Limited (the 'company') for the year ended 31 May 2022 which comprise the Income Statement, Other 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 May 2022 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 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 and the Report of the Directors, 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Overseas Trading 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 Report of the Directors.

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 three, 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 the company and determined the most significant are those that relate to the financial reporting framework, namely FRS102 and the Companies Act 2006.

We understood how the company is complying with those frameworks by making enquiries of management as to their procedures for identifying and responding to fraud risks. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. We considered the controls the company has established to address risk identified by management, or that otherwise seek to prevent, detect or deter fraud and how management monitor those controls.

Based on our understanding, we designed audit procedures to identify non-compliance with laws and regulations. Our procedures included journal entry testing based on our risk assessment, analytical procedures to identify unusual relationships that may indicate the risk of material misstatement and challenging the assumptions and judgements made by management in respect of significant accounting estimates.

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
Overseas Trading 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.

Paul Queripel FCA (Senior Statutory Auditor)
for and on behalf of Queripel & Kettlewell Limited
Chartered Accountants & Statutory Auditors
The Barn
Hall Mews
Boston Spa
Wetherby
West Yorkshire
LS23 6DT

24 May 2023

**Income Statement
for the Year Ended 31 May 2022**

		2022	2021
	Notes	£	as restated £
TURNOVER	3	24,185,299	22,387,208
Cost of sales		<u>19,779,583</u>	<u>18,131,973</u>
GROSS PROFIT		4,405,716	4,255,235
Administrative expenses		<u>4,302,604</u>	<u>3,759,040</u>
OPERATING PROFIT	5	103,112	496,195
Exceptional items	6	<u>-</u>	<u>225,464</u>
		103,112	270,731
Interest receivable and similar income		<u>209</u>	<u>186</u>
		103,321	270,917
Interest payable and similar expenses	7	<u>91,799</u>	<u>61,125</u>
PROFIT BEFORE TAXATION		11,522	209,792
Tax on profit	8	<u>(94,114)</u>	<u>62,133</u>
PROFIT FOR THE FINANCIAL YEAR		<u>105,636</u>	<u>147,659</u>

The notes form part of these financial statements

**Other Comprehensive Income
for the Year Ended 31 May 2022**

		2022	2021
	Notes	£	as restated £
PROFIT FOR THE YEAR		105,636	147,659
OTHER COMPREHENSIVE INCOME		_____ -	_____ -
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u>147,659</u>
	Note		
Prior year adjustment	10	<u>(188,241)</u>	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		<u>(82,605)</u>	

The notes form part of these financial statements

Overseas Trading Limited (Registered number: 04442532)

**Balance Sheet
31 May 2022**

		2022		2021 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	11		893,518		506,971
CURRENT ASSETS					
Stocks	12	5,495,381		4,019,731	
Debtors	13	5,240,828		3,525,956	
Cash at bank and in hand		905,899		310,631	
		11,642,108		7,856,318	
CREDITORS					
Amounts falling due within one year	14	10,899,272		6,848,531	
NET CURRENT ASSETS			742,836		1,007,787
TOTAL ASSETS LESS CURRENT LIABILITIES			1,636,354		1,514,758
CREDITORS					
Amounts falling due after more than one year	15		(630,902)		(371,174)
PROVISIONS FOR LIABILITIES	19		(68,240)		(107,406)
NET ASSETS			937,212		1,036,178
CAPITAL AND RESERVES					
Called up share capital	20		100		100
Retained earnings	21		937,112		1,036,078
SHAREHOLDERS' FUNDS			937,212		1,036,178

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2023 and were signed on its behalf by:

J Buitekant - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 May 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2020	100	1,142,702	1,142,802
Changes in equity			
Dividends	-	(254,283)	(254,283)
Total comprehensive income	-	335,900	335,900
Balance at 31 May 2021	100	1,224,319	1,224,419
Prior year adjustment	-	(188,241)	(188,241)
As restated	100	1,036,078	1,036,178
Changes in equity			
Dividends	-	(204,602)	(204,602)
Total comprehensive income	-	105,636	105,636
Balance at 31 May 2022	100	937,112	937,212

Cash Flow Statement
for the Year Ended 31 May 2022

	Notes	2022 £	2021 as restated £
Cash flows from operating activities			
Cash generated from operations	1	(4,488)	147,924
Interest paid		(77,424)	(51,682)
Interest element of hire purchase payments paid		(14,375)	(9,443)
Tax paid		54,948	1,678
Net cash from operating activities		<u>(41,339)</u>	<u>88,477</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(564,216)	(340,943)
Sale of tangible fixed assets		68,500	3,201
Interest received		209	186
Net cash from investing activities		<u>(495,507)</u>	<u>(337,556)</u>
Cash flows from financing activities			
New loans in year		405,923	512,020
Capital repayments in year		(99,230)	(60,774)
Equity dividends paid		(204,602)	(254,283)
Net cash from financing activities		<u>102,091</u>	<u>196,963</u>
Decrease in cash and cash equivalents		<u>(434,755)</u>	<u>(52,116)</u>
Cash and cash equivalents at beginning of year	2	310,631	362,747
Cash and cash equivalents at end of year	2	<u>(124,124)</u>	<u>310,631</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 May 2022

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2022	2021 as restated
	£	£
Profit before taxation	11,522	209,792
Depreciation charges	92,818	34,065
Loss on disposal of fixed assets	16,352	21,989
Finance costs	91,799	61,125
Finance income	(209)	(186)
	<u>212,282</u>	<u>326,785</u>
Increase in stocks	(1,475,650)	(1,869,226)
(Increase)/decrease in trade and other debtors	(1,714,872)	213,500
Increase in trade and other creditors	<u>2,973,752</u>	<u>1,476,865</u>
Cash generated from operations	<u>(4,488)</u>	<u>147,924</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 May 2022

	31/5/22	1/6/21
	£	£
Cash and cash equivalents	905,899	310,631
Bank overdrafts	<u>(1,030,023)</u>	<u>-</u>
	<u>(124,124)</u>	<u>310,631</u>

Year ended 31 May 2021

	31/5/21	1/6/20
	£	£
Cash and cash equivalents	<u>310,631</u>	<u>362,747</u>

Notes to the Cash Flow Statement
for the Year Ended 31 May 2022

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/6/21 £	Cash flow £	At 31/5/22 £
Net cash			
Cash at bank and in hand	310,631	595,268	905,899
Bank overdrafts	-	(1,030,023)	(1,030,023)
	<u>310,631</u>	<u>(434,755)</u>	<u>(124,124)</u>
Debt			
Finance leases	(69,689)	(306,693)	(376,382)
Debts falling due within 1 year	(2,121,788)	(224,957)	(2,346,745)
	<u>(2,191,477)</u>	<u>(531,650)</u>	<u>(2,723,127)</u>
Total	<u>(1,880,846)</u>	<u>(966,405)</u>	<u>(2,847,251)</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 May 2022**

1. STATUTORY INFORMATION

Overseas Trading Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 04442532 and the registered office address is OTL House, Methley Road, Castleford, West Yorkshire, WF10 1PA.

The presentation currency of the financial statements is the Pound Sterling (£).

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.

Significant judgements and estimates

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned. There have been no indicators of impairments identified during the current financial year.

Turnover

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Office equipment	- 25% on reducing balance

Stocks

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

Financial instruments

The company uses a variety of financial instruments to ensure that liabilities are met on time and these include the judicious use of bank overdrafts and loans, finance lease options and invoice discounting alongside normal working capital cycle items as trade debtors and creditors. The company is comfortable that sufficient liquidity is available to allow the company to trade effectively within its current financing arrangements.

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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 balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 May 2022

2. ACCOUNTING POLICIES - continued

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

3. TURNOVER

Turnover is wholly attributable to the principal activity of the company. The analysis of turnover by geographical market required by The large and Medium sized Companies and Groups (Accounts and Directors' Report) Regulations 2008 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

4. EMPLOYEES AND DIRECTORS

	2022	2021 as restated
	£	£
Wages and salaries	2,510,643	2,121,864
Social security costs	282,841	213,560
	<u>2,793,484</u>	<u>2,335,424</u>

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

	2022	2021 as restated
Directors	5	5
Warehouse	14	22
Office	53	39
	<u>72</u>	<u>66</u>

	2022	2021 as restated
	£	£
Directors' remuneration	<u>420,073</u>	<u>409,904</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2022

4. **EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	2022	2021 as restated
	£	£
Emoluments etc	<u>131,250</u>	<u>130,000</u>

5. **OPERATING PROFIT**

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

	2022	2021 as restated
	£	£
Other operating leases	194,852	194,276
Depreciation - owned assets	34,957	6,132
Depreciation - assets on hire purchase contracts	57,860	27,933
Loss on disposal of fixed assets	16,352	21,989
Auditors' remuneration	6,000	6,000
Foreign exchange differences	<u>(67,078)</u>	<u>63,314</u>

6. **EXCEPTIONAL ITEMS**

During the previous year the company entered into forward foreign currency exchange contracts. The contracts were revalued at the financial year end resulting in an unrealised loss. Due to its size and incidence, the company considered the most appropriate treatment for the loss to be as an exceptional item.

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021 as restated
	£	£
Bank loan interest	77,424	51,682
Hire purchase	<u>14,375</u>	<u>9,443</u>
	<u>91,799</u>	<u>61,125</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2022

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2022	2021 as restated
	£	£
Current tax:		
UK corporation tax	-	(27,955)
Over/under provision prior years	<u>(54,948)</u>	<u>8,163</u>
Total current tax	<u>(54,948)</u>	<u>(19,792)</u>
Deferred tax	<u>(39,166)</u>	<u>81,925</u>
Tax on profit	<u>(94,114)</u>	<u>62,133</u>

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax (credit)/charge included in profit and loss

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

	2022	2021 as restated
	£	£
Profit before tax	<u>11,522</u>	<u>209,792</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,189	39,860
Effects of:		
Expenses not deductible for tax purposes	205	105
Capital allowances in excess of depreciation	(32,160)	(11,773)
Utilisation of tax losses	(9,400)	-
Adjustments to tax charge in respect of previous periods	(54,948)	8,163
Change in rate of deferred tax	-	25,778
Total tax (credit)/charge	<u>(94,114)</u>	<u>62,133</u>

9. DIVIDENDS

	2022	2021 as restated
	£	£
Ordinary shares of 0.01 each		
Interim	74,328	112,813
Ordinary A shares of 0.01 each		
Interim	88,440	88,440
Ordinary B shares of 0.01 each		
Interim	<u>41,834</u>	<u>53,030</u>
	<u>204,602</u>	<u>254,283</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2022

10. PRIOR YEAR ADJUSTMENT

In 2022 the Company discovered that the adjustments arising out of the revaluation of forward currency contracts at May 2020 and May 2021 had been transposed. As a consequence, the loss reported in May 2020 should have been a gain whilst the gain reported in 2021 should have been a loss. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following table summarises the impact on the Company's financial statements.

	Previously Reported at May 2021	Adjustment to May 2020	Adjustment to May 2021	Restated at May 2021
Other debtors	121,847	110,593	-225,459	6,981
Other creditors	-	110,593	-225,459	-114,866
Tax provision	-34,860	-42,025	85,674	8,969
Retained earnings	-1,222,169	-179,161	365,244	-1,036,086

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Office equipment £	Totals £
COST				
At 1 June 2021	488,147	124,831	37,227	650,205
Additions	385,720	-	178,496	564,216
Disposals	(131,200)	(27,247)	-	(158,447)
At 31 May 2022	<u>742,667</u>	<u>97,584</u>	<u>215,723</u>	<u>1,055,974</u>
DEPRECIATION				
At 1 June 2021	60,561	72,743	9,930	143,234
Charge for year	78,803	11,953	2,061	92,817
Eliminated on disposal	(53,728)	(19,867)	-	(73,595)
At 31 May 2022	<u>85,636</u>	<u>64,829</u>	<u>11,991</u>	<u>162,456</u>
NET BOOK VALUE				
At 31 May 2022	<u>657,031</u>	<u>32,755</u>	<u>203,732</u>	<u>893,518</u>
At 31 May 2021	<u>427,586</u>	<u>52,088</u>	<u>27,297</u>	<u>506,971</u>

The office equipment additions in the year includes a new IT system which was brought into use after the year end, It has not been depreciated during the year.

Notes to the Financial Statements - continued
for the Year Ended 31 May 2022

11. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 June 2021	131,200	103,441	234,641
Additions	203,194	-	203,194
Disposals	(131,200)	(11,083)	(142,283)
Transfer to ownership	183,359	(31,635)	151,724
At 31 May 2022	<u>386,553</u>	<u>60,723</u>	<u>447,276</u>
DEPRECIATION			
At 1 June 2021	45,119	57,557	102,676
Charge for year	47,263	10,597	57,860
Eliminated on disposal	(53,728)	(8,461)	(62,189)
Transfer to ownership	-	(26,826)	(26,826)
At 31 May 2022	<u>38,654</u>	<u>32,867</u>	<u>71,521</u>
NET BOOK VALUE			
At 31 May 2022	<u>347,899</u>	<u>27,856</u>	<u>375,755</u>
At 31 May 2021	<u>86,081</u>	<u>45,884</u>	<u>131,965</u>

12. STOCKS

	2022	2021 as restated
	£	£
Finished goods	<u>5,495,381</u>	<u>4,019,731</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021 as restated
	£	£
Trade debtors	4,533,358	3,434,885
Other debtors	-	6,976
Corporation tax	41,501	8,971
Prepayments and accrued income	665,969	75,124
	<u>5,240,828</u>	<u>3,525,956</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2022

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

	2022	2021 as restated
	£	£
Bank loans and overdrafts (see note 16)	3,376,768	2,121,788
Hire purchase contracts (see note 17)	96,686	49,721
Trade creditors	2,148,894	993,870
Social security and other taxes	1,019,658	764,550
Other creditors	75,308	114,871
Invoice discounting loan	3,824,772	2,194,231
Accruals and deferred income	357,186	609,500
	<u>10,899,272</u>	<u>6,848,531</u>

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

	2022	2021 as restated
	£	£
Hire purchase contracts (see note 17)	279,696	19,968
Directors' loans	<u>351,206</u>	<u>351,206</u>
	<u>630,902</u>	<u>371,174</u>

16. **LOANS**

An analysis of the maturity of loans is given below:

	2022	2021 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,030,023	-
Bank loans	<u>2,346,745</u>	<u>2,121,788</u>
	<u>3,376,768</u>	<u>2,121,788</u>

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts 2022	2021 as restated
	£	£
Net obligations repayable:		
Within one year	96,686	49,721
Between one and five years	<u>279,696</u>	<u>19,968</u>
	<u>376,382</u>	<u>69,689</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2022

17. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2022	2021 as restated
	£	£
Within one year	518,428	246,475
Between one and five years	1,715,758	697,427
In more than five years	1,564,182	69,000
	<u>3,798,368</u>	<u>1,012,902</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021 as restated
	£	£
Bank overdraft	1,030,023	-
Bank loans	2,346,745	2,121,788
Hire purchase contracts	376,382	69,689
Invoice discounting loan	3,824,772	2,194,231
	<u>7,577,922</u>	<u>4,385,708</u>

The bank loan and overdraft are secured by a fixed and floating charge over all the assets of the company and a charge over contract monies.

The invoice discounting creditor is secured by a charge over the company's trade debtors.

The finance leases and hire purchase contracts are secured on the relevant assets.

19. PROVISIONS FOR LIABILITIES

	2022	2021 as restated
	£	£
Deferred tax	<u>68,240</u>	<u>107,406</u>
		Deferred tax
		£
Balance at 1 June 2021		107,406
Tax adjusted loss in 2022		(147,166)
Capital allowances in excess of depreciation		108,000
Balance at 31 May 2022		<u>68,240</u>

In the opinion of the directors, the Deferred tax provision is unlikely to be reversed in the next accounting period.

Notes to the Financial Statements - continued
for the Year Ended 31 May 2022

20. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2022	2021
Number:	Class:		£	as restated £
3,300	Ordinary	0.01	32	32
3,200	Ordinary A	0.01	35	35
3,500	Ordinary B	0.01	33	33
			<u>100</u>	<u>100</u>

All classes of shares confer the same voting rights and rank parri passu.

21. **RESERVES**

	Retained earnings £
At 1 June 2021	1,224,319
Prior year adjustment	<u>(188,241)</u>
	1,036,078
Profit for the year	105,636
Dividends	<u>(204,602)</u>
At 31 May 2022	<u>937,112</u>

22. **ULTIMATE PARENT COMPANY**

Purston Park Limited is regarded by the directors as being the company's ultimate parent company.

23. **OTHER FINANCIAL COMMITMENTS**

At the year end, the company had ongoing foreign exchange forward contracts amounting to £10,486,895 (2021: £5,750,179) to purchase United States Dollars.

24. **RELATED PARTY DISCLOSURES**

The company is under common ownership with Spot On-Line Limited and Purston Park Limited owns 100 percent of the share capital of the company.

During the year the company invoiced £235,275 (2021: £28,255) to Spot On-Line Limited in respect of management charges. At the year end, the company was due £29,459 (2021: £22,993) from Spot On-Line Limited. This amount is included in trade debtors.

During the year, total dividends of £204,602 (2021: £25,692) were paid to Purston Park Limited.

25. **ULTIMATE CONTROLLING PARTY**

The directors are of the opinion there is no ultimate controlling party.

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