

Company registration number 04697936 (England and Wales)

**MCCALLS SPECIAL PRODUCTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# MCCALLS SPECIAL PRODUCTS LIMITED

## COMPANY INFORMATION

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<b>Director</b>	Mr P B Hoy
<b>Secretary</b>	Mr P B Hoy
<b>Company number</b>	04697936
<b>Registered office</b>	Caxton Way Dinnington Sheffield S25 3QE
<b>Auditor</b>	BHP LLP 2 Rutland Park Sheffield S10 2PD

# **MCCALLS SPECIAL PRODUCTS LIMITED**

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# **MCCALLS SPECIAL PRODUCTS LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The director presents the strategic report for the year ended 31 December 2021.

### **Fair review of the business**

Trading conditions during 2021 have been tough with the Covid19 outbreak still causing disruption to home and overseas markets. Despite the effects of Covid19 the UK market improved and has performed well along with overseas markets particularly Europe. Despite tough competition and margin pressures the directors consider 2021 a successful year, sales have increased 19.6% from 2020 levels. The company generated a pre-tax profit of £188,807 and the company has a healthy balance sheet with shareholders funds increasing from £5,583,361 to £5,733,019. The director has no plans for any large capital equipment purchases in the foreseeable future but remains open to take advantage of any business opportunity which may present itself. The business strategy remains consistent with previous years.

### **Principal risks and uncertainties**

The business is particularly sensitive to fluctuating exchange rates and steel prices the company has managed volatile scrap prices and in most cases is able to pass on increased costs. Due to Covid19 shipping costs have decreased our competitiveness overseas and has increased the costs of our raw materials this is a constant threat and will continue most likely into 2022. It is likely that we will face much of the same challenges in 2022, that is rising steel prices and shipping costs, however we are optimistic that the worldwide construction market is robust and there are many projects planned and opportunities in the coming year.

On behalf of the board

Mr P B Hoy  
**Director**

26 September 2022

# **MCCALLS SPECIAL PRODUCTS LIMITED**

## **DIRECTOR'S REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The director presents his annual report and financial statements for the year ended 31 December 2021.

#### **Principal activities**

The principal activity of the company continued to be the design and manufacture of high strength bars and fittings for ground engineering, tension structures and facade applications.

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

#### **Director**

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

Mr P B Hoy

#### **Auditor**

BHP were appointed as auditor to the company and is deemed to be reappointed under section 487(2) of the Companies Act 2006

#### **Statement of director's responsibilities**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of disclosure to auditor**

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

# **MCCALLS SPECIAL PRODUCTS LIMITED**

## **DIRECTOR'S REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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On behalf of the board

Mr P B Hoy  
**Director**

26 September 2022

# **MCCALLS SPECIAL PRODUCTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF MCCALLS SPECIAL PRODUCTS LIMITED**

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#### **Opinion**

We have audited the financial statements of McCall's Special Products Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's 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 director with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

# **MCCALLS SPECIAL PRODUCTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF MCCALLS SPECIAL PRODUCTS 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 director's report.

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

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

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations, relevant to the company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of company minutes and legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of the nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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



## **MCCALLS SPECIAL PRODUCTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF MCCALLS SPECIAL PRODUCTS LIMITED**

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##### **Use of our report**

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

**John Warner**  
**Senior Statutory Auditor**  
**For and on behalf of BHP LLP**

26 September 2022

**Chartered Accountants**  
**Statutory Auditor**

2 Rutland Park  
Sheffield  
S10 2PD

# MCCALLS SPECIAL PRODUCTS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	10,680,468	8,935,551
Cost of sales		(8,815,947)	(7,008,669)
<b>Gross profit</b>		1,864,521	1,926,882
Distribution costs		(587,033)	(740,142)
Administrative expenses		(1,174,779)	(1,121,894)
Other operating income		109,161	168,299
<b>Operating profit</b>	<b>4</b>	211,870	233,145
Interest receivable and similar income	<b>7</b>	-	31,944
Interest payable and similar expenses	<b>8</b>	(23,063)	(32,571)
<b>Profit before taxation</b>		188,807	232,518
Tax on profit	<b>9</b>	(39,149)	(53,193)
<b>Profit for the financial year</b>		149,658	179,325

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

# MCCALLS SPECIAL PRODUCTS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	11	3,109,454		3,126,783	
Investments	12	1,000		1,000	
		<u>3,110,454</u>		<u>3,127,783</u>	
<b>Current assets</b>					
Stocks	14	3,517,856		1,952,432	
Debtors	15	2,683,175		3,035,976	
Cash at bank and in hand		218,525		962,818	
		<u>6,419,556</u>		<u>5,951,226</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(2,682,480)</u>		<u>(2,227,265)</u>	
<b>Net current assets</b>			3,737,076		3,723,961
<b>Total assets less current liabilities</b>			<u>6,847,530</u>		<u>6,851,744</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(1,021,011)		(1,205,783)
<b>Provisions for liabilities</b>					
Deferred tax liability	19	93,500		62,600	
		<u>(93,500)</u>		<u>(62,600)</u>	
<b>Net assets</b>			<u>5,733,019</u>		<u>5,583,361</u>
<b>Capital and reserves</b>					
Called up share capital	21	31,147		31,147	
Revaluation reserve		156,298		156,298	
Capital redemption reserve		1,640		1,640	
Other reserves		1,333,335		1,333,335	
Profit and loss reserves		4,210,599		4,060,941	
<b>Total equity</b>			<u>5,733,019</u>		<u>5,583,361</u>

The financial statements were approved and signed by the director and authorised for issue on 26 September 2022

Mr P B Hoy  
Director

Company Registration No. 04697936

# MCCALLS SPECIAL PRODUCTS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		31,147	156,298	1,640	1,333,335	3,890,681	5,413,101
<b>Year ended 31 December 2020:</b>							
Profit and total comprehensive income for the year		-	-	-	-	179,325	179,325
Dividends	10	-	-	-	-	(9,065)	(9,065)
Balance at 31 December 2020		31,147	156,298	1,640	1,333,335	4,060,941	5,583,361
<b>Year ended 31 December 2021:</b>							
Profit and total comprehensive income for the year		-	-	-	-	149,658	149,658
Balance at 31 December 2021		31,147	156,298	1,640	1,333,335	4,210,599	5,733,019

# MCCALLS SPECIAL PRODUCTS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	25		(708,714)		729,066
Interest paid			(23,063)		(32,571)
Income taxes (paid)/refunded			(198,245)		150,736
<b>Net cash (outflow)/inflow from operating activities</b>			(930,022)		847,231
<b>Investing activities</b>					
Purchase of tangible fixed assets		(52,019)		-	
Proceeds from disposal of investments		-		150,000	
Net repayment / (issue) of loans to directors		369,956		(321,765)	
Interest received		-		31,944	
<b>Net cash generated from/(used in) investing activities</b>			317,937		(139,821)
<b>Financing activities</b>					
Proceeds from new bank loans		-		300,000	
Repayment of bank loans		(137,076)		(222,200)	
Dividends paid		-		(9,065)	
<b>Net cash (used in)/generated from financing activities</b>			(137,076)		68,735
<b>Net (decrease)/increase in cash and cash equivalents</b>			(749,161)		776,145
Cash and cash equivalents at beginning of year			921,386		145,241
<b>Cash and cash equivalents at end of year</b>			172,225		921,386
<b>Relating to:</b>					
Cash at bank and in hand			218,525		962,818
Bank overdrafts included in creditors payable within one year			(46,300)		(41,432)

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

McCalls Special Products Limited is a private company limited by shares incorporated in England and Wales. The registered office is Caxton Way, Dinnington, Sheffield, S25 3QE.

#### **1.1 Accounting convention**

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

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

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

The company is exempt from the requirements to prepare consolidated financial statements on the basis that its subsidiary is not material for the purpose of giving a true and fair view.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

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

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

#### **1.4 Tangible fixed assets**

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

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

Freehold buildings	2% straight line per annum
Plant and machinery	10 - 20% straight line per annum
Motor vehicles	25% straight line per annum

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

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.5 Fixed asset investments

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

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

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

#### 1.7 Stocks

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

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

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

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

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

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

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

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



# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

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

#### **1.10 Equity instruments**

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

#### **1.11 Taxation**

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

##### ***Current tax***

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

##### ***Deferred tax***

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

#### **1.12 Employee benefits**

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

#### **1.13 Retirement benefits**

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

#### **1.14 Leases**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### **1.15 Government grants**

Grants received in relation to the government's Coronavirus Job Retention Scheme have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

#### **1.16 Foreign exchange**

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

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Stock

Stock is reviewed for obsolescence with reference to the holding quantity and purchases in the year. Management review the stock on a line by line basis and assess whether a provision is needed by using the most recent purchase price of that stock item. Management will also reduce the amount of provision required if the market value of the stock item has increased after the year end.

### 3 Turnover and other revenue

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Sales	10,680,468	8,935,551
Grants received	94,770	162,299
	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	2,866,306	1,321,398
Europe	4,796,292	3,548,099
Rest of the World	3,017,870	4,066,054
	10,680,468	8,935,551

### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	98,946	(6,888)
Government grants	(94,770)	(162,299)
Fees payable to the company's auditor for the audit of the company's financial statements	22,500	21,860
Depreciation of owned tangible fixed assets	69,348	80,667

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Employees

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

	2021 Number	2020 Number
Administration and Support	30	32
Production	35	39
Total	65	71

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,152,113	2,246,157
Social security costs	219,363	196,436
Pension costs	71,130	78,462
	2,442,606	2,521,055

### 6 Director's remuneration

	2021 £	2020 £
Remuneration for qualifying services	369,433	295,994
Company pension contributions to defined contribution schemes	13,333	17,211
	382,766	313,205

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

	2021 £	2020 £
Remuneration for qualifying services	369,433	295,994
Company pension contributions to defined contribution schemes	13,333	17,211

### 7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Other interest income	-	31,944

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 8 Interest payable and similar expenses

	2021	2020
	£	£
Other interest	23,063	32,571

### 9 Taxation

	2021	2020
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	34,817	86,520
Adjustments in respect of prior periods	(26,568)	(36,927)
Total current tax	8,249	49,593
<b>Deferred tax</b>		
Origination and reversal of timing differences	30,900	3,600
Total tax charge	39,149	53,193

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

	2021	2020
	£	£
Profit before taxation	188,807	232,518
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	35,873	44,178
Tax effect of expenses that are not deductible in determining taxable profit	42	28,678
Tax effect of income not taxable in determining taxable profit	(8)	-
Change in unrecognised deferred tax assets	(22)	42
Adjustments in respect of prior years	(26,568)	(36,927)
Permanent capital allowances in excess of depreciation	7,386	10,276
Effect of change in deferred tax rates	22,446	6,946
Taxation charge for the year	39,149	53,193

### 10 Dividends

	2021	2020
	£	£
Final paid	-	9,065

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Tangible fixed assets

	Freehold buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2021	3,495,000	291,781	92,266	3,879,047
Additions	-	52,019	-	52,019
At 31 December 2021	3,495,000	343,800	92,266	3,931,066
<b>Depreciation and impairment</b>				
At 1 January 2021	379,880	286,618	85,766	752,264
Depreciation charged in the year	63,312	1,165	4,871	69,348
At 31 December 2021	443,192	287,783	90,637	821,612
<b>Carrying amount</b>				
At 31 December 2021	3,051,808	56,017	1,629	3,109,454
At 31 December 2020	3,115,120	5,163	6,500	3,126,783

### 12 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	13	1,000	1,000

### 13 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
McCalls SP Ltd	England & Wales	Dormant	Ordinary Shares	100.00

### 14 Stocks

	2021 £	2020 £
Raw materials and consumables	1,492,132	489,407
Work in progress	38,025	87,755
Finished goods and goods for resale	1,987,699	1,375,270
	3,517,856	1,952,432

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,104,238	1,998,476
Amounts owed by group undertakings	88,317	49,507
Other debtors	317,113	897,361
Prepayments and accrued income	173,507	90,632
	<u>2,683,175</u>	<u>3,035,976</u>

### 16 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	18	268,558	215,994
Trade creditors		1,315,646	996,982
Amounts owed to group undertakings		1,000	1,000
Corporation tax		57,874	247,870
Other taxation and social security		81,393	41,615
Other creditors		869,051	487,164
Accruals and deferred income		88,958	236,640
		<u>2,682,480</u>	<u>2,227,265</u>

Included within other creditors is an invoice discounting balance of £538,764 (2020: £377,857) which is secured on the debts concerned.

### 17 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	18	1,021,011	1,205,783
		<u>1,021,011</u>	<u>1,205,783</u>

### 18 Loans and overdrafts

	2021	2020
	£	£
Bank loans	1,243,269	1,380,345
Bank overdrafts	46,300	41,432
	<u>1,289,569</u>	<u>1,421,777</u>
Payable within one year	268,558	215,994
Payable after one year	1,021,011	1,205,783
	<u>1,289,569</u>	<u>1,421,777</u>

The bank borrowings are all secured by a cross guarantee between the company and McCalls SP Limited.

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Loans and overdrafts

(Continued)

There is a legal charge over the property owned by the company in respect of the term loan in addition to the security described above.

Interest on bank borrowings is charged at 1.80% above Base Rate.

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	93,500	62,600
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		2021 £
Liability at 1 January 2021		62,600
Charge to profit or loss		30,900
		<u>          </u>
Liability at 31 December 2021		93,500
		<u>          </u>

### 20 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	71,130	78,462
	<u>          </u>	<u>          </u>

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

### 21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	31,147	31,147	31,147	31,147
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# MCCALLS SPECIAL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	14,460	14,460
Between two and five years	8,460	22,920
	<u>22,920</u>	<u>37,380</u>

### 23 Events after the reporting date

Since 1 January 2022, the company has purchased shares from certain shareholders. The amount paid cannot be disclosed at this time for legal reasons.

### 24 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr P B Hoy -	2.50	610,084	107,463	(476,129)	241,418
		<u>610,084</u>	<u>107,463</u>	<u>(476,129)</u>	<u>241,418</u>

### 25 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit for the year after tax	149,658	179,325
<b>Adjustments for:</b>		
Taxation charged	39,149	53,193
Finance costs	23,063	32,571
Investment income	-	(31,944)
Depreciation and impairment of tangible fixed assets	69,348	80,667
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(1,565,424)	558,460
Increase in debtors	(17,155)	(80,347)
Increase/(decrease) in creditors	592,647	(62,859)
<b>Cash (absorbed by)/generated from operations</b>	<u>(708,714)</u>	<u>729,066</u>



## MCCALLS SPECIAL PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 Analysis of changes in net debt

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	962,818	(744,293)	218,525
Bank overdrafts	(41,432)	(4,868)	(46,300)
	<u>921,386</u>	<u>(749,161)</u>	<u>172,225</u>
Borrowings excluding overdrafts	(1,380,345)	137,076	(1,243,269)
	<u>(458,959)</u>	<u>(612,085)</u>	<u>(1,071,044)</u>

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.