

Red Mills (UK) Limited

**Annual Report
Financial Year ended 31 October 2021**

Company Registered Number: 05670833

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DIRECTORS AND OTHER INFORMATION

Board of Directors

Joseph Connolly
William Connolly
Gareth Connolly
John Connolly

Solicitors

Wright Hassall
Olympus Avenue
Leamington Spa
Warwickshire CV34 6BF
England

Secretary and Registered Office

William Connolly
Olympus House
Olympus Avenue
Leamington Spa
Warwickshire
CV34 6BF
England

Bankers

Barclays
UK Banking Services Centre
P.O. Box 299
Birmingham
B1 3PF
England

Bank of Ireland Global Markets
Colvill House
24/26 Talbot Street
Dublin 1

Registered Number: 05670833

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 October 2021.

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the company's assets, liabilities, and financial position at the end of the financial year and the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Section 1A Small Entities of Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and applicable law).

Under company law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on a 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:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2006 and enable those financial statements to be audited.

The directors 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.

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.

Directors

The names of the persons who were directors at any time during the year ended 31 October 2021 are set out below.

Joseph Connolly
William Connolly (Secretary)
Gareth Connolly
John Connolly

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 October 2021.

DIRECTORS' REPORT - continued

Principal risks and uncertainties

On 11 March 2020, the World Health Organisation ("WHO") announced that they had assessed the worldwide outbreak of COVID-19 as a pandemic. National governments and supranational organisations globally took steps designed to protect their populations from COVID-19, including requiring or encouraging home working, the cancellation of sporting, cultural and other events and restricting or discouraging gatherings of people. To date, the impact on the business and results has not been significant. Management is continuing to actively monitor the situation in order to take the necessary steps to mitigate the impact of the pandemic on operations.

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate and cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the company's receivables. Credit risk is managed by the board of directors. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The risk of illiquidity is managed by using cash flow forecasts; and to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

Interest rate and cash flow risk

The company regularly reviews its cash flow to ensure that there is sufficient cash to meet working capital and strategic needs.

Directors' and secretary's interest in shares

The directors and the secretary who held office on 31 October 2021 had the following beneficial interests in the company, and in the ultimate parent company of Red Mills (UK) Limited:

Red Mills (UK) Limited:	£1 Ordinary shares	
	31 October 2021	1 November 2020
Directors:		
William Connolly (secretary)	-	-
Joseph Connolly	-	-
Gareth Connolly	-	-
John Connolly	-	-

WCSL Holdings Unlimited Company	€1 "B" Ordinary shares		€1 Ordinary shares		€1 Preference shares	
	31 Oct 2021	1 Nov 2020	31 Oct 2021	1 Nov 2020	31 Oct 2021	1 Nov 2020
Directors:						
William Connolly (secretary)	-	-	245,000	245,000	2,420,000	2,420,000
Joseph Connolly	-	-	255,000	255,000	1,780,000	1,780,000
Gareth Connolly	51,000-	51,000-	-	-	500,000	500,000
John Connolly	51,000-	51,000-	-	-	500,000	500,000

DIRECTORS' REPORT - continued

Principal activities

The company operates as a sales and distribution company.

The results for the year are shown on page 10.

In accordance with Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company is exempt from preparing a Strategic Report.

Research and development

There was no research and development for the period (2020: £Nil).

Post balance sheet events

There have been no significant subsequent events, outside the ordinary course of business, post year end, which would impact on the financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

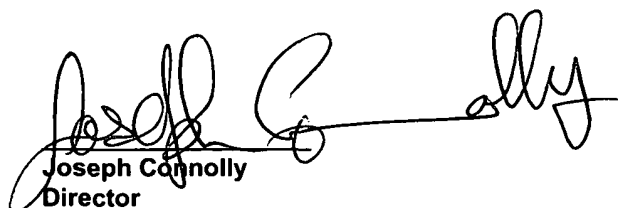
Independent auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Political and charitable contributions

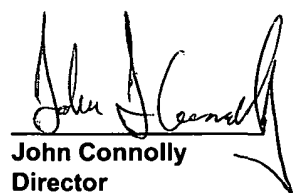
The company made no political donations during the year (2020: £Nil). Donations to UK charities amounted to £Nil (2020: £Nil) during the year.

On behalf of the board



Joseph Connolly
Director

Registered Number: 05670833



John Connolly
Director

Registered Number: 05670833

Date: 26 July 2022



Independent auditors' report to the members of Red Mills (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Red Mills (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2021 and of its results for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise:

- the balance sheet as at 31 October 2021;
- the profit and loss account and statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 October 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to



- laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, including United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and taxation legislation;
- those laws and regulations which do not have a direct effect on the determination of material amounts and disclosures in the financial statements but where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection, employment law and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach;

and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates, transactions outside the normal course of business, and the posting of fraudulent journal entries or revenue transactions. Audit procedures performed included:

- Consideration of fraud risk as part of our audit planning process;
- Identification of potential risk factors through consideration of the company's business strategies and risks. This includes meetings with management as well as the those charged with governance and staff regarding their perspectives on fraud and compliance with applicable laws and regulations;
- Evaluation of the company's programs and controls designed to address fraud risk;
- Responding to the risk identified by designing appropriate audit procedures;
- Maintaining professional scepticism throughout the audit;
- Implementing specific procedures to address risks associated with the management override of controls, including close examination of journal entries and other adjustments, accounting estimates, identifying indicators of possible management bias and significant unusual transactions;
- Incorporating unpredictability into our audit process;
- Implementing specific procedures to address risks associated with non-compliance with laws and regulations; and
- Careful evaluation of the amount and quality of audit evidence obtained at all stages of the audit.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or



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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'John Dunne'.

John Dunne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
27 July 2022

PROFIT AND LOSS ACCOUNT
For the year ended 31 October 2021

	Note	Year ended 31 October 2021 £	Year ended 1 November 2020 £
Turnover		10,340,572	7,117,422
Cost of sales		<u>(9,317,968)</u>	<u>(5,169,654)</u>
Gross profit		1,022,605	1,947,768
Net operating expenses		<u>(858,218)</u>	<u>(1,839,429)</u>
Operating profit	5	164,386	108,339
Interest payable and similar expenses	7	<u>(2,504)</u>	<u>(3,455)</u>
Profit before taxation		161,882	104,884
Taxation	8	<u>(34,899)</u>	<u>(19,928)</u>
Profit for the year		<u>126,983</u>	<u>84,956</u>

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 October 2021

There are no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of Comprehensive Income has been presented.

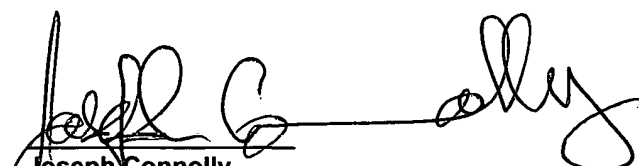
BALANCE SHEET
As at 31 October 2021

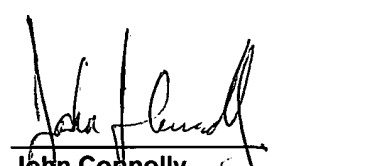
	Note	31 October 2021 £	1 November 2020 £
Fixed assets			
Tangible assets	9	84,045	196,808
Intangible assets	10	<u>7,082</u>	<u>9,737</u>
		91,127	206,545
Current assets			
Bank		145,079	156,891
Stock	11	32,906	-
Debtors	12	<u>2,299,701</u>	<u>1,609,001</u>
		2,477,686	1,765,892
Creditors - amounts falling due within one year	13	<u>(721,465)</u>	<u>(252,072)</u>
Net current assets		<u>1,756,221</u>	<u>1,513,820</u>
Total assets less current liabilities		1,847,348	1,720,365
Creditors – amounts falling due after more than one year	14	<u>(1,250,000)</u>	<u>(1,250,000)</u>
Net assets		<u>597,348</u>	<u>470,365</u>
Capital and reserves			
Called up share capital – presented as equity	15	2	2
Profit and loss account		<u>597,346</u>	<u>470,363</u>
Total equity		<u>597,348</u>	<u>470,365</u>

The notes on pages 13 to 22 are an integral part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with Financial Reporting Statement 102 'The Financial Statement Reporting Standard applicable in the UK and Republic of Ireland'.

On behalf of the board


Joseph Connolly
 Director
 Registered Number: 05670833


John Connolly
 Director
 Registered Number: 05670833

Date: 26 July 2022

STATEMENT OF CHANGES IN EQUITY
For the year ended 3 November 2018

	Called up share capital presented as equity £	Profit and loss account £	Total £
Balance at 28 October 2019	<u>2</u>	<u>385,407</u>	<u>385,409</u>
Result for the financial year	<u>-</u>	<u>84,956</u>	<u>84,956</u>
Balance at 1 November 2020	<u>2</u>	<u>470,363</u>	<u>470,365</u>
Result for the financial year	<u>-</u>	<u>126,983</u>	<u>126,983</u>
Balance at 31 October 2021	<u>2</u>	<u>597,346</u>	<u>597,348</u>

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Red Mills (UK) Limited ('the company') operates as a sales and distribution company, under the registered number 05670833.

The company is a private company, limited by its shares, and is incorporated and domiciled in the United Kingdom. The address of its registered office is Olympus House, Olympus Avenue, Leamington Spa, Warwickshire, England.

Red Mills (UK) Limited's ultimate parent and ultimate controlling party is WCSL Holdings Unlimited Company, which is incorporated in the Republic of Ireland.

These financial statements are the company's separate financial statements for the financial year ended 31 October 2021.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council and the Companies Act 2006. The entity financial statements comply with the small companies regime as set out in Section 1A of Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

3 Summary of significant accounting policies

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.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

(b) Foreign currency

(i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling, denominated by the symbol "£".

(ii) Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar expenses' as appropriate. All other foreign exchange gains and losses are presented in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The company bases its estimate of returns, discounts and rebates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises turnover when (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the company retains no continuing managerial involvement or effective control over the goods; (c) the amount of turnover and costs can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of company's sales channels have been met, as described below.

(i) *Sale of goods*

Turnover comprises revenue arising from the sale of performance animal nutrition and animal healthcare products. Sales of goods are recognised upon delivery to the customer.

Sales are measured at the prices specified in the sales invoice or sales contract, net of estimate rebates and allowances. Rebates are assessed based on anticipated annual purchases and historical experience.

Sales are normally made with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

(d) Employee benefits

The company's parent provides a range of benefits to employees including paid holiday arrangements and post-employment benefits in the form of defined contribution pension plans.

(i) *Short term employee benefits*

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which the employees render the related service. An expense is recognised in the profit and loss account when the company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

(ii) *Post-employment benefits*

Defined contribution plan

The company's parent operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the group in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(e) Income tax

Income tax expense for the financial period comprises current and deferred tax recognised in the financial period. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial period or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial period.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial period end and that are expected to apply to the reversal of the timing difference.

(f) Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

(i) Plant and machinery and motor vehicles

Plant and machinery and motor vehicles are stated at cost less accumulated depreciation.

(ii) Depreciation and residual values

Depreciation on assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- Plant and machinery	5 - 7 years
- Motor vehicles	4 years

(iii) Depreciation and residual values

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(iv) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(g) Intangible assets

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of five years, on a straight-line basis. Software is not considered to have a residual value.

Amortisation is included in 'operating expenses' in the profit and loss account.

Where factors, such as technological advancement or changes in market prices, indicate that the software's useful life has changed, the useful life is amended prospectively to reflect the new circumstances.

All intangible fixed assets are reviewed for impairment if there is an indication that the intangible fixed asset may be impaired.

(h) Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the financial year in which the related revenue is recognised.

Cost is determined using the weighted average method. Cost comprises the purchase price, including taxes and duties and transport and handling costs directly attributable to bringing the stock to its present location and condition.

At the end of each financial year, stocks are assessed for impairment. If an item of stock is impaired, the identified stock is measured at its selling price less costs to complete and sell and the resulting impairment loss is recognised as profit or loss. Where a reversal of the impairment loss is recognised the impairment loss is reversed, up to the original impairment loss, and is recognised as profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(j) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In particular, provision is not made for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(j) Provisions and contingencies - continued

(ii) Contingencies

Contingent liabilities arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(k) Share capital presented as equity

Equity shares issued are recognised at the proceeds received. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Distributions to equity holders

Dividends and other distributions to company's equity shareholders are recognised as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the company's shareholders.

(m) Financial instruments

The group has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including amounts owed by fellow group companies, trade and other debtors, cash and cash equivalents, and short term deposits are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, amounts owed by fellow group companies, cash and cash equivalents, short term deposits and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(m) Financial instruments - continued

(i) *Financial assets - continued*

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) *Financial liabilities*

Basic financial liabilities, including trade and other creditors, and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, loans from fellow group companies, and financial liability from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(n) Related party transactions

The group discloses transactions with related parties that are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) *Critical judgement in applying the accounting policies*

No judgement made by the directors has had a significant effect on the amounts recognised in the financial statements.

(ii) *Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Operating profit	Year ended 31 October 2021 £	Year ended 1 November 2020 £	
The following operating expenses/(credits) have been recognised:			
Depreciation	54,736	75,250	
Amortisation	2,655	2,656	
	<u> </u>	<u> </u>	
6 Particulars of employees			
The average number of people employed by the company during the period was 12 (2020: 12).			
7 Interest payable and similar expenses	Year ended 31 October 2021 £	Year ended 1 November 2020 £	
Bank charges	<u>2,504</u>	<u>3,455</u>	
8 Income Tax	Year ended 31 October 2021 £	Year ended 1 November 2020 £	
Charge for the year	34,899	22,291	
9 Tangible assets	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 November 2020	57,467	263,748	321,215
Additions	-	-	-
Disposals	-	(98,748)	(98,748)
At 31 October 2021	<u>57,467</u>	<u>165,000</u>	<u>222,467</u>
Accumulated depreciation			
At 1 November 2020	32,288	92,119	124,407
Charge for the year	6,027	48,709	54,736
Disposals	-	(40,721)	(40,721)
At 31 October 2021	<u>38,315</u>	<u>100,107</u>	<u>138,422</u>
Net book amounts			
At 31 October 2021	<u>19,152</u>	<u>64,893</u>	<u>84,045</u>
At 1 November 2020	25,179	171,629	196,808

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Intangible assets	Software £	Total £
Cost		
At 1 November 2020	13,278	13,278
Additions	-	-
At 31 October 2021	<u>13,278</u>	<u>13,278</u>
Accumulated amortisation		
At 1 November 2020	3,541	3,541
Charge for the year	2,655	2,655
At 31 October 2021	<u>6,196</u>	<u>6,196</u>
Net book amounts		
At 31 October 2021	<u>7,082</u>	<u>7,082</u>
At 1 November 2020	<u>9,737</u>	<u>9,737</u>
11 Stocks	31 October 2021 £	1 November 2020 £
Finished goods held for resale	<u>32,906</u>	<u>-</u>
Stocks are stated net of impairment provision of £nil.		
12 Debtors	31 October 2021 £	1 November 2020 £
Trade debtors	1,560,250	1,098,879
Prepayments	27,184	30,638
VAT	8,266	5,515
Amounts due from group companies	686,160	457,991
Corporation tax	1,861	-
Deferred tax (note 17)	15,980	15,978
	<u>2,299,701</u>	<u>1,609,001</u>

Trade debtors are stated net of impairment provision of £nil. Amounts owed by group companies are unsecured, interest free, have no fixed date of payment and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Creditors - Amounts falling due within one year	31 October 2021 £	1 November 2020 £
Trade creditors	17,830	39,309
Accruals	131,003	75,336
Corporation tax	-	21,701
Amount due to group companies	<u>572,632</u>	<u>115,726</u>
	<u>721,465</u>	<u>252,072</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed rate of repayment and are repayable on demand.

Part of the amount owing to trade creditors is, or may be, secured by the reservation of legal title by suppliers to the goods supplied (and the proceeds of their sale). The amounts secured in this way depend on the legal interpretation of legal contracts and cannot be readily determined.

14 Creditors – amounts falling due after more than one year	31 October 2021 £	1 November 2020 £
Amounts due to group companies	<u>1,250,000</u>	<u>1,250,000</u>

Amounts owed to group companies are unsecured, interest free, and have no fixed date of repayment.

The parent company has indicated that it will not seek repayment within the next 12 months.

15 Called up share capital	31 October 2021 £	1 November 2020 £
Authorised		
Equity:		
100 (2020: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid		
Equity:		
2 (2020: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

A description of each reserve in equity is outlined below:

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years, less dividends paid.

16 Related party transactions

In accordance with FRS 102 Section 33 related party transactions disclosures paragraph 33.1A, the company is exempt from disclosing related party transactions with other companies that are wholly owned within the group.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Deferred taxation

The provision for deferred taxation consists of the following deferred tax (assets)/liabilities:

	31 October 2021 £	1 November 2020 £
Timing differences with capital allowances	<u>(15,980)</u>	<u>(15,978)</u>

18 Post balance sheet events

There have been no significant subsequent events, outside the ordinary course of business, post year end, which would impact on the financial statements.

29 Approval of financial statements

The directors approved the financial statements on *26 July 2022*