

Sweet Squared Limited

Registered number: 05900639

Annual report and consolidated financial statements

For the year ended 31 March 2020

SWEET SQUARED LIMITED

COMPANY INFORMATION

Directors	S W Sweet S J Sweet J A Nordstrom
Company secretary	S W Sweet
Registered number	05900639
Registered office	Unit 2 Green Park Coal Road Leeds West Yorkshire LS14 1FB
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	HSBC Bank plc 47 Market Street Bradford BD1 1LW

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their strategic report and financial statements for the year ended 31 March 2020.

Strategic Development

The Group provides a complete offering of exclusive best in show brands for any salon professional and is committed to further advancing the range of products and educational services offered and how those services are delivered.

A new warehouse management system was implemented during the year, providing the platform for improved stock control and operational efficiency. Further developments are scheduled for the coming year including the implementation of a new web and on-line education platform.

During the year the Group secured funding to support its ongoing development via a 3 year term loan of £1.5m and an extension of its undrawn overdraft facility from £1,000k to £1,500k. At 31 March 2020 the Group had cash in hand of £3,318k, which together with £1,500k of overdraft facility provided £4,818k of available funds.

Business Review and Key Performance Indicators

The Group's sales of £20,599k reduced from £23,001k in the prior year a reduction of 10.4%. Gross profit increased by £223k to £10,253k, an increase of 2.2% and Gross profit % increased to 49.8% from 43.6%. Administrative expenses reduced to £7,703k from £8,305k, a reduction of 7.3%.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased to £3,061k from £2,230k, an increase of 37.3% and EBITDA % increased to 14.9% from 9.7%.

Operating cash flow of £1,813k increased from £169k in the previous year and contributed to an increase in cash and cash equivalents of £2,533k compared to a reduction of £128k in the previous year.

The Group continues to benefit from a strong balance sheet, with net current assets of £7,498k and net assets of £10,710k compared to £4,849k and £8,914k respectively at the prior year end.

Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties which could have a material impact on its long term performance. The Directors have identified those which they regard as being the principal risks and these are set out below:

1. COVID-19

The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK. The Group has been affected by the temporary closure of professional salon businesses in the UK and the implementation of other government restrictions in the UK and other countries. In response to these changes the Group implemented a series of measures to support customers, communicate with suppliers and maintain a safe working environment for staff and implement contingency plans. Whilst salon customers are now able to re-open and economic activity has resumed it is not possible to predict with certainty the future severity and duration of COVID-19 on the Group's activities. The Group remains vigilant to monitoring these risks and taking appropriate action.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

2. Other price, market and political risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, import tariffs, supplier prices and competitive pressure. The present political uncertainty in the UK concerning the terms under which the UK will leave the European Union exacerbates these risks. Principal risks are managed by appropriate monitoring of the competitive and product landscape, quality and service programmes and through negotiated agreements with its major suppliers. Exchange rate movements are monitored and exposure to foreign currency fluctuation managed by prompt payment of suppliers and the use of forward currency contracts.

3. Credit risk, liquidity risk and cash flow risk

The Group's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations. All the business' cash balances are held in such a way that achieves a competitive rate of interest and use is made of settlement discounts offered by suppliers.

The Group is exposed to credit risk with customers. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding to credit terms and limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Development and performance of the business

Whilst uncertainty continues to affect UK businesses as a whole, improvements in underlying performance will continue be driven through the Group's continued commitment to service, exclusive valued products and excellence in delivering education to support customers.

This report was approved by the board on 8 October 2020 and signed on its behalf.

S W Sweet
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group will continue in business.

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

Principal activity

The principal activity of the Group during the year was that of beauty and cosmetics distributor.

Results and dividends

The profit for the year, after taxation, amounted to £1,969,082 (2019 - £1,314,934).

Ordinary dividends amounting to £233,061 (2019 - £196,305) were declared during the year.

Directors

The directors who served during the year were:

S W Sweet
S J Sweet
J A Nordstrom

Future developments

The directors foresee price sensitivity due to competitiveness within the industry. Improved performance will be driven through the Company's continued commitment to service and a more extensive range of products and a broader customer base.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Matters covered in the strategic report

Certain information is not shown in the Directors' Report because it is shown in the Strategic Report on pages 1 and 2 instead under s141C(11). The Strategic Report includes a business review, future developments and information on the Company's key performance indicators.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 and 2. The financial position of the Group, its cash flows, liquidity position and financial risk management are also described in the Strategic Report.

The use of the going concern basis of accounting is appropriate because, in the opinion of the directors, there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Group to continue as a going concern. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making their assessment.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

The Group declared a dividend of £101,973 on the D Ordinary shares.

There have been no other significant events affecting the Group since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 October 2020 and signed on its behalf.

S W Sweet
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWEET SQUARED LIMITED

Opinion

We have audited the financial statements of Sweet Squared Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt 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 Group's and Parent Company's affairs as at 31 March 2020 and of the group's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWEET SQUARED LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWEET SQUARED LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 Group and Parent 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 intend to liquidate the Group or Parent Company or to cease operations, or have 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.

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

Use of the audit 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.

Shaun Mullins (Senior statutory auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

3 Wellington Place
Leeds
LS1 4AP

12 October 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	20,598,617	23,000,943
Cost of sales		(10,345,235)	(12,970,399)
Gross profit		<u>10,253,382</u>	<u>10,030,544</u>
Administrative expenses		(7,702,731)	(8,305,460)
Operating profit	5	<u>2,550,651</u>	<u>1,725,084</u>
Income from fixed assets investments		34,498	-
Interest receivable and similar income	10	345	598
Interest payable and expenses	11	(85,739)	(43,456)
Profit before tax		<u>2,499,755</u>	<u>1,682,226</u>
Tax on profit	12	(530,673)	(367,292)
Profit for the financial year		<u><u>1,969,082</u></u>	<u><u>1,314,934</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 16 to 40 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	15	2,053,432	2,190,445
Tangible assets	16	1,160,837	1,344,042
Investments	17	1,214,266	1,214,266
		<u>4,428,535</u>	<u>4,748,753</u>
Current assets			
Stocks	18	4,984,546	6,147,574
Debtors: amounts falling due after more than one year	19	14,333	18,333
Debtors: amounts falling due within one year	19	1,318,777	1,808,596
Cash at bank and in hand	20	3,318,434	785,213
		<u>9,636,090</u>	<u>8,759,716</u>
Creditors: amounts falling due within one year	21	(2,138,036)	(3,910,645)
Net current assets		<u>7,498,054</u>	<u>4,849,071</u>
Total assets less current liabilities		<u>11,926,589</u>	<u>9,597,824</u>
Creditors: amounts falling due after more than one year	22	(1,042,932)	(497,386)
Provisions for liabilities			
Deferred tax	26	(173,703)	(186,202)
Net assets		<u><u>10,709,954</u></u>	<u><u>8,914,236</u></u>
Capital and reserves			
Called up share capital	27	101	101
Profit and loss account	28	10,709,853	8,914,135
		<u><u>10,709,954</u></u>	<u><u>8,914,236</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 October 2020.

S W Sweet
Director

The notes on pages 16 to 40 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	15	2,053,432	2,190,445
Tangible assets	16	1,160,838	1,344,043
Investments	17	1,214,266	1,214,266
		<u>4,428,536</u>	<u>4,748,754</u>
Current assets			
Stocks	18	4,984,546	6,147,574
Debtors: amounts falling due after more than one year	19	14,333	18,333
Debtors: amounts falling due within one year	19	1,318,776	1,808,596
Cash at bank and in hand	20	3,318,434	785,213
		<u>9,636,089</u>	<u>8,759,716</u>
Creditors: amounts falling due within one year	21	(2,138,036)	(3,910,646)
Net current assets		<u>7,498,053</u>	<u>4,849,070</u>
Total assets less current liabilities		<u>11,926,589</u>	<u>9,597,824</u>
Creditors: amounts falling due after more than one year	22	(1,042,932)	(497,386)
Provisions for liabilities			
Deferred taxation	26	(10,903)	(43,252)
Net assets		<u><u>10,872,754</u></u>	<u><u>9,057,186</u></u>
Capital and reserves			
Called up share capital	27	101	101
Profit and loss account carried forward	28	10,872,653	9,057,085
		<u><u>10,872,754</u></u>	<u><u>9,057,186</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 October 2020.

S W Sweet
Director

The notes on pages 16 to 40 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	101	8,914,135	8,914,236
Comprehensive income for the year			
Profit for the year	-	1,969,082	1,969,082
Total comprehensive income for the year	-	1,969,082	1,969,082
Dividends: Equity capital	-	(233,061)	(233,061)
Capital contribution	-	59,697	59,697
Total transactions with owners	-	(173,364)	(173,364)
At 31 March 2020	<u>101</u>	<u>10,709,853</u>	<u>10,709,954</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018	101	7,795,506	7,795,607
Comprehensive income for the year			
Profit for the year	-	1,314,934	1,314,934
Total comprehensive income for the year	-	1,314,934	1,314,934
Dividends: Equity capital	-	(196,305)	(196,305)
Total transactions with owners	-	(196,305)	(196,305)
At 31 March 2019	<u>101</u>	<u>8,914,135</u>	<u>8,914,236</u>

The notes on pages 16 to 40 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	101	9,057,085	9,057,186
Comprehensive income for the year			
Profit for the year	-	1,988,932	1,988,932
Contributions by and distributions to owners			
Dividends: Equity capital	-	(233,061)	(233,061)
Capital contribution	-	59,697	59,697
Total transactions with owners	-	(173,364)	(173,364)
At 31 March 2020	<u>101</u>	<u>10,872,653</u>	<u>10,872,754</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018	101	9,123,664	9,123,765
Comprehensive income for the year			
Profit for the year	-	129,726	129,726
Contributions by and distributions to owners			
Dividends: Equity capital	-	(196,305)	(196,305)
At 31 March 2019	<u>101</u>	<u>9,057,085</u>	<u>9,057,186</u>

The notes on pages 16 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Cash flows from operating activities		
Profit for the financial year	1,969,082	1,314,934
Adjustments for:		
Amortisation of intangible assets	270,035	253,528
Depreciation of tangible assets	240,787	251,006
Profit on disposal of tangible assets	(9,534)	(600)
Interest payable	63,763	43,456
Interest receivable	(34,843)	(598)
Taxation charge	530,673	367,292
Decrease/(increase) in stocks	1,163,030	(895,410)
Decrease/(increase) in debtors	566,884	(199,896)
(Increase)/decrease in amounts owed by associated undertakings	(73,064)	27,362
Decrease in creditors	(2,358,335)	(417,491)
Corporation tax paid	(449,745)	(568,519)
Repayments on HP agreement	(66,220)	(6,201)
Net cash generated from operating activities	1,812,513	168,863
Cash flows from investing activities		
Purchase of intangible fixed assets	(133,022)	(49,488)
Purchase of tangible fixed assets	(127,129)	(77,681)
Sale of tangible fixed assets	79,080	33,960
Interest received	345	598
HP interest paid	(470)	(2,363)
Dividends received	34,498	-
Net cash from investing activities	(146,698)	(94,974)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from financing activities		
New bank loans	1,500,000	-
Repayment of bank loans	(375,000)	-
Dividends paid	(233,061)	(196,305)
Interest paid	(24,533)	(5,691)
Net cash used in financing activities	<u>867,406</u>	<u>(201,996)</u>
Net increase/(decrease) in cash and cash equivalents	2,533,221	(128,107)
Cash and cash equivalents at beginning of year	785,213	913,320
Cash and cash equivalents at the end of year	<u><u>3,318,434</u></u>	<u><u>785,213</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>3,318,434</u>	<u>785,213</u>
	<u><u>3,318,434</u></u>	<u><u>785,213</u></u>

The notes on pages 16 to 40 form part of these financial statements.

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2020**

	At 1 April 2019 £	Cash flows £	Movement in bank loans £	Movement in other loans £	Disposal of finance leases £	At 31 March 2020 £
Cash at bank and in hand	785,213	2,533,221	-	-	-	3,318,434
Debt due after 1 year	(438,867)	-	(625,000)	20,935	-	(1,042,932)
	-	-	-	-	-	-
Debt due within 1 year	(566,109)	-	(500,000)	559,531	-	(506,578)
Finance leases	(66,220)	-	-	-	66,220	-
	<u>(285,983)</u>	<u>2,533,221</u>	<u>(1,125,000)</u>	<u>580,466</u>	<u>66,220</u>	<u>1,768,924</u>

The notes on pages 16 to 40 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. General information

Sweet Squared Limited ("the company") is a limited company incorporated in England and Wales.

The legal form of the Company is that of a company limited by shares.

The address of the registered office and principal place of business is:

Unit 2 Green Park

Coal Road

Leeds

West Yorkshire

LS14 1FB

The principal activity of the Group during the year was that of beauty and cosmetics distributor.

These financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

There have been no material impacts as a result of adopting the triennial review of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1. The financial position of the company, its cash flows, liquidity position and financial risk management are also described in the Strategic Report.

The use of the going concern basis of accounting is appropriate because, in the opinion of the directors, there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making their assessment

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life. The directors consider the useful life of goodwill to be 10 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Motor vehicles	- 3	years
Fixtures & fittings	- 2	years / 10 years
Equipment	- 3	years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.20 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.22 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the accounting policies

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

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment associated with investments, tangible and intangible assets, stock and receivables, the directors have considered both external and internal sources of information such as market values, changes in technological, economic and legal environments, evidence of obsolescence or physical damage of assets and declines in economic performance.

Key sources of estimation uncertainty***(i) Slow moving and obsolete stock provisions***

The Group holds an extensive product range in stock. The directors apply a provision to stock lines where the usage pattern suggests a stock holding period in excess of 12 months, with a greater provision applied to those items with the longest stock holding periods.

4. Turnover

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	19,470,090	21,968,074
Rest of world	1,128,527	1,032,869
	<u>20,598,617</u>	<u>23,000,943</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Exchange differences	26,195	(116,218)
Other operating lease rentals	413,913	406,349
Pension contributions	87,182	60,886
Depreciation of tangible assets	240,787	251,006
Amortisation of intangible assets	<u>270,035</u>	<u>253,528</u>

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>25,000</u>	<u>23,500</u>

Fees payable to the Group's auditor in respect of:

Taxation compliance services	3,250	5,100
All other services	<u>29,991</u>	<u>31,322</u>
	<u>33,241</u>	<u>36,422</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £
Wages and salaries	3,495,008	3,647,413
Social security costs	366,840	285,267
Cost of defined contribution scheme	87,182	60,886
	<u>3,949,030</u>	<u>3,993,566</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Distribution	21	20
Administration	70	64
Management	15	14
	<u>106</u>	<u>98</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	11,196	10,726
Company contributions to defined contribution pension schemes	24,000	24,000
	<u>35,196</u>	<u>34,726</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

9. Income from investments

	2020 £	2019 £
Dividends received from unlisted investments	34,498	-
	<u>34,498</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

10. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>345</u>	<u>598</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	46,507	2,668
Other loan interest payable	38,762	38,425
Finance leases and hire purchase contracts	470	2,363
	<u>85,739</u>	<u>43,456</u>

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	528,526	380,066
Adjustments in respect of previous periods	14,646	(32,699)
Total current tax	<u>543,172</u>	<u>347,367</u>
Deferred tax		
Origination and reversal of timing differences	(10,517)	19,925
Adjustments in respect of prior periods	(6,327)	-
Effect of tax rate change on opening balance	4,345	-
Total deferred tax	<u>(12,499)</u>	<u>19,925</u>
Taxation on profit on ordinary activities	<u>530,673</u>	<u>367,292</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>2,499,755</u>	<u>1,682,226</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	474,953	319,623
Effects of:		
Expenses not deductible for tax purposes	10,031	17,826
Goodwill amortisation not tax deductible	-	46,266
Fixed asset differences	8,999	14,991
Adjustments to tax charge in respect of prior periods	14,646	(32,699)
Adjustments to tax charge in respect of prior periods - deferred tax	(6,327)	-
Adjust opening deferred tax to average rate of 19%	4,345	-
Adjust deferred tax on fair value of investment to 19%	19,850	-
Other differences leading to an increase in the tax charge	4,176	1,285
Total tax charge for the year	<u><u>530,673</u></u>	<u><u>367,292</u></u>

Factors that may affect future tax charges

A corporation tax rate of 19% (effective from 1 April 2020) was substantively enacted in March 2020 and has therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 19% (2019: 17%).

13. Dividends

	2020 £	2019 £
D Ordinary		
Interim paid	<u><u>233,061</u></u>	<u><u>196,305</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

14. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £1,988,932 (2019 - £129,726).

15. Intangible assets**Group**

	Computer software	Goodwill	Total
	£	£	£
Cost			
At 1 April 2019	37,828	2,446,729	2,484,557
Additions	92,690	40,332	133,022
At 31 March 2020	<u>130,518</u>	<u>2,487,061</u>	<u>2,617,579</u>
Amortisation			
At 1 April 2019	10,021	284,091	294,112
Charge for the year on owned assets	22,495	247,540	270,035
At 31 March 2020	<u>32,516</u>	<u>531,631</u>	<u>564,147</u>
Net book value			
At 31 March 2020	<u>98,002</u>	<u>1,955,430</u>	<u>2,053,432</u>
At 31 March 2019	<u>27,807</u>	<u>2,162,638</u>	<u>2,190,445</u>

Goodwill arose on the 100% acquisition of The Icon Consultancy Limited, a company incorporated in England and Wales. The goodwill is being amortised over 10 years on a straight line basis which is considered to be the period over which the group will derive economic benefit from the underlying assets acquired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Intangible assets (continued)

Company

	Computer software £	Goodwill £	Total £
Cost			
At 1 April 2019	37,828	2,162,638	2,200,466
Additions	92,690	40,332	133,022
At 31 March 2020	<u>130,518</u>	<u>2,202,970</u>	<u>2,333,488</u>
Amortisation			
At 1 April 2019	10,021	-	10,021
Charge for the year	22,495	247,540	270,035
At 31 March 2020	<u>32,516</u>	<u>247,540</u>	<u>280,056</u>
Net book value			
At 31 March 2020	<u>98,002</u>	<u>1,955,430</u>	<u>2,053,432</u>
At 31 March 2019	<u>27,807</u>	<u>2,162,638</u>	<u>2,190,445</u>

During the prior accounting period the trade and assets of The Icon Consultancy Limited were hived into Sweet Squared Limited. As such the investment held in The Icon Consultancy Limited has been represented as Goodwill and will be amortised over its remaining useful life.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Tangible fixed assets**Group**

	Motor vehicles	Fit out, fixtures & fittings	Equipment	Total
	£	£	£	£
Cost or valuation				
At 1 April 2019	177,304	1,567,600	89,068	1,833,972
Additions	-	74,712	52,417	127,129
Disposals	(141,015)	-	(2,209)	(143,224)
At 31 March 2020	<u>36,289</u>	<u>1,642,312</u>	<u>139,276</u>	<u>1,817,877</u>
Depreciation				
At 1 April 2019	109,967	329,493	50,471	489,931
Charge for the year on owned assets	-	202,855	37,932	240,787
Disposals	(73,678)	-	-	(73,678)
At 31 March 2020	<u>36,289</u>	<u>532,348</u>	<u>88,403</u>	<u>657,040</u>
Net book value				
At 31 March 2020	<u>-</u>	<u>1,109,964</u>	<u>50,873</u>	<u>1,160,837</u>
At 31 March 2019	<u>67,337</u>	<u>1,238,107</u>	<u>38,598</u>	<u>1,344,042</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020	2019
	£	£
Motor vehicles	<u>-</u>	<u>68,415</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

16. Tangible fixed assets (continued)

Company

	Motor vehicles	Fixtures & fittings	Office equipment	Total
	£	£	£	£
Cost or valuation				
At 1 April 2019	177,304	1,601,298	151,061	1,929,663
Additions	-	74,712	52,417	127,129
Disposals	(141,015)	-	(2,209)	(143,224)
At 31 March 2020	36,289	1,676,010	201,269	1,913,568
Depreciation				
At 1 April 2019	109,967	363,191	112,463	585,621
Charge for the year on owned assets	-	202,855	37,932	240,787
Disposals	(73,678)	-	-	(73,678)
At 31 March 2020	36,289	566,046	150,395	752,730
Net book value				
At 31 March 2020	-	1,109,964	50,874	1,160,838
At 31 March 2019	67,337	1,238,107	38,599	1,344,043

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Motor vehicles	-	68,415

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

17. Fixed asset investments

Group

Investment in
unlisted
company
shares
£

Cost or valuation

At 1 April 2019	1,214,266
At 31 March 2020	<u>1,214,266</u>

Company

Investment in
subsidiary
£

Cost or valuation

At 1 April 2019	5,336,362
At 31 March 2020	<u>5,336,362</u>

Impairment

At 1 April 2019	4,122,096
At 31 March 2020	<u>4,122,096</u>

The Directors are satisfied that the investment in subsidiary represents the fair value of the underlying assets held by the subsidiary.

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding
The Icon Consultancy Limited	Ordinary	100 %

The registered office of The Icon Consultancy Limited is Unit 2 Green Park, Coal Road, Leeds, West Yorkshire, LS14 1FB.

The Icon Consultancy Limited was exempt from the requirements relating to the audit of individual accounts by virtue of section 480 of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

18. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Finished goods and goods for resale	<u>4,984,546</u>	<u>6,147,574</u>	<u>4,984,546</u>	<u>6,147,574</u>

19. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due after more than one year				
Other debtors	<u>14,333</u>	<u>18,333</u>	<u>14,333</u>	<u>18,333</u>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due within one year				
Trade debtors	790,393	1,522,324	790,393	1,522,324
Amounts owed by associated undertakings	99,250	26,186	99,250	26,186
Other debtors	26,390	41,603	26,389	41,603
Prepayments and accrued income	402,744	218,483	402,744	218,483
	<u>1,318,777</u>	<u>1,808,596</u>	<u>1,318,776</u>	<u>1,808,596</u>

20. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	<u>3,318,434</u>	<u>785,213</u>	<u>3,318,434</u>	<u>785,213</u>
	<u>3,318,434</u>	<u>785,213</u>	<u>3,318,434</u>	<u>785,213</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

21. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	500,000	-	500,000	-
Trade creditors	866,885	1,808,913	866,885	1,808,913
Corporation tax	255,832	162,405	255,832	162,405
Other taxation and social security	308,832	225,752	308,832	225,752
Obligations under finance lease and hire purchase contracts	-	7,701	-	7,701
Other creditors	7,583	1,512,487	7,583	1,512,488
Accruals and deferred income	198,904	193,387	198,904	193,387
	<u>2,138,036</u>	<u>3,910,645</u>	<u>2,138,036</u>	<u>3,910,646</u>

The bank loan is secured by a debenture dated 16 April 2009 which incorporates a fixed charge over all present freehold and leasehold property of the company and a first fixed charge over all other present and future assets of the company.

22. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	625,000	-	625,000	-
Other loans	417,932	438,867	417,932	438,867
Net obligations under finance leases and hire purchase contracts	-	58,519	-	58,519
	<u>1,042,932</u>	<u>497,386</u>	<u>1,042,932</u>	<u>497,386</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

23. Loans

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due within one year				
Bank loans	500,000	-	500,000	-
Amounts falling due 1-2 years				
Bank loans	625,000	-	625,000	-
Amounts falling due 2-5 years				
Other loans	417,932	438,867	417,932	438,867
	<u>417,932</u>	<u>438,867</u>	<u>417,932</u>	<u>438,867</u>
	<u>1,542,932</u>	<u>438,867</u>	<u>1,542,932</u>	<u>438,867</u>

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	-	7,701
Between 1-5 years	-	58,519
	<u>-</u>	<u>66,220</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

25. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Cash and cash equivalents	3,318,434	785,213	3,318,434	785,213
Financial assets measured at fair value through profit or loss	1,214,266	1,214,266	1,214,266	1,214,266
Financial assets measured at amortised cost	972,513	1,608,446	972,513	1,608,446
	<u>5,505,213</u>	<u>3,607,925</u>	<u>5,505,213</u>	<u>3,607,925</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(2,956,080)</u>	<u>(4,019,874)</u>	<u>(2,956,080)</u>	<u>(4,019,874)</u>

Financial assets measured at fair value through profit or loss comprise investments in unlisted shares.

Financial assets measured at amortised cost comprise trade and other debtors, and amounts owed by associated undertakings.

Financial liabilities measured at amortised cost comprise trade and other creditors, hire purchase liabilities, accruals and loans.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

26. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	(186,202)	(166,277)
Credited/(charged) to profit or loss	12,499	(19,925)
At end of year	(173,703)	(186,202)

Company

	2020 £	2019 £
At beginning of year	(43,252)	(6,190)
Credited(charged) to profit or loss	32,349	(37,062)
At end of year	(10,903)	(43,252)

The provision for deferred taxation is made up as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	10,903	43,252	10,903	43,252
Fair value adjustments	162,800	142,950	-	-
	<u>173,703</u>	<u>186,202</u>	<u>10,903</u>	<u>43,252</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

27. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
104 (2019 - 104) A Ordinary shares of £0.50 each	52.00	52.00
58 (2019 - 58) B Ordinary shares of £0.50 each	29.00	29.00
15 (2019 - 15) C Ordinary shares of £0.50 each	7.50	7.50
25 (2019 - 25) D Ordinary shares of £0.50 each	12.50	12.50
	<hr/>	<hr/>
	<u>101.00</u>	<u>101.00</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company. The shares rank pari passu.

28. Reserves**Profit & loss account**

This reserve represents cumulative retained profits and capital contributions less dividends paid.

29. Pension commitments

The Company operates a defined contributions pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £87,182 (2019 - £60,886).

Contributions totalling £12,746 (2019 - £7,107) were payable to the fund at the balance sheet date and are included within creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

30. Commitments under operating leases

At 31 March 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

Group	2020	2019
	£	£
Land and buildings		
Not later than 1 year	275,448	275,448
Later than 1 year and not later than 5 years	998,401	1,033,849
Later than 5 years	600,000	840,000
	<u>1,873,849</u>	<u>2,149,297</u>
	2020	2019
	£	£
Equipment and vehicles		
Not later than 1 year	146,134	93,270
Later than 1 year and not later than 5 years	240,673	127,116
	<u>386,807</u>	<u>220,386</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

31. Related party transactions

At the year end the directors held loan account balances which were in credit totalling £6,578 (2019 - £566,109). No interest is charged on loan accounts whether in debit or credit, all amounts are repayable on demand.

During the year, the Company declared dividends totalling £233,061 (2019 - £196,305) to a shareholder who is also a director of the Company.

During the year, the Company made sales totalling £669,832 (2019 - £809,639) to a company under the common control of the shareholders of Sweet Squared Limited. A trade amount totalling £99,250 (2019 - £26,186) is outstanding at the year end to be repaid on normal trade terms. During the prior year a €700,000 loan was repaid to the same connected company by Sweet Squared Limited which was subsequently re-issued to Sweet Squared Limited on an interest free basis over a longer term. This resulted in a capital contribution reserve of £59,697.

During the year the Company was charged rent totalling £240,000 (2019 - £240,000) from a company under the control of the majority shareholders of Sweet Squared Limited.

During the year Sweet Squared Limited made purchases totalling £147,382 (2019 - £160,361) from Companies under the common control of the Directors of Sweet Squared Limited. At the year end, trade creditors included £nil (2019 - £9,423) in respect of these transactions.

During the year Sweet Squared Limited made purchases totalling £73,951 (2019 - £nil) from Companies under the control of common Directors of other related parties of Sweet Squared Limited. At the year end, trade creditors included £440 (2019 - £nil) in respect of these transactions.

During the year Sweet Squared Limited made purchases totalling £48,034 (2019 - £165,928) from Companies in which close family members of the Directors have a significant influence. At the year end, trade creditors included £2,999 (2019 - £2,260) in respect of these transactions.

32. Post balance sheet events

The Group declared a dividend of £101,973 on the D Ordinary shares.

There have been no other significant events affecting the Group since the year end.

33. Controlling party

The Company is controlled by S W Sweet.

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.