

Company Registration No. 06224973 (England and Wales)

ALSICO LAUCUBA LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020



ALSICO LAUCUBA LIMITED

COMPANY INFORMATION

Directors	D Toon E L Farmer D R Turner C Clarke K Mayes
Secretary	Kina Business Services Ltd
Company number	06224973
Registered office	Alsico Laucuba Ltd Pittman Way Fulwood Preston PR2 9ZD
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE
Business address	Alsico Laucuba Ltd Pittman Way Fulwood Preston PR2 9ZD
Bankers	KBC Bank NV Fifth Floor 111 Old Broad Street London EC2N 1BR

ALSICO LAUCUBA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The group and company continues to develop clothing for people at work, for specific occupations and to counter identified risks that the staff of customer businesses face at work.

Traditional customer demand was lower due to COVID lockdowns but was to a large extent matched by strong demand from Healthcare customers. Although the group continued to serve customers throughout the year it was forced to furlough many staff during the year and benefited from the HMRC scheme accordingly.

During the year the planned closure of Meltemi's Norwich site went ahead. This action will boost efficiency and prevent double handling of product by concentrating Meltemi operation from the group facility in Preston. Closure costs of £468,813 were incurred. Many of the costs of the continuing Meltemi operation therefore fell to Alsico Laucuba Ltd and accordingly a management charge was raised.

During the year dividends were received of £170,373 (2019: £nil) from a group company in which an investment is held.

Cash at bank and in hand at the year end totalled £2,972,676 (2019: £2,011,263). The increase relates to efficient management of stock and debtors.

After dividends of £2,471,208 (2019: £2,877,639), the net assets of the group have increased by £113,272 (2019: decreased by £117,770), and the company's net assets have decreased by £243,710 (2019: increased by £5,734).

Principal risks and uncertainties

The group and the company are exposed to a moderate level of cost price risk, foreign exchange risk, credit risk, liquidity risk and cash flow risk.

The group manages these risks by ensuring it has a range of customers and access to several supplier factories, by forward buying of currency and by financing its operations through retained profits to fund expansion or capital expenditure programmes.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the group's exposure to fluctuating interest rates.

The directors have assessed the main risk facing the group and company as being competition and the economic climate including the strength of sterling.

Development and performance

At the year end, group shareholders' funds amounted to £14,563,424 including profit and loss reserves of £14,236,644. The Directors believe the group's position to be financially robust particularly given that current assets exceed current liabilities to the extent of £13,816,315.

The company's shareholder's funds amounted to £15,408,386, including profit and loss reserves of £15,081,606.

The group and company have a relatively consistent customer base and the buying pattern of those customers can be cyclical.

ALSICO LAUCUBA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators

	2020	2019
Turnover	£36,887,904	£37,344,594
Gross Profit	32.4%	30.0%
Operating Profit	£2,996,633	£3,418,602

The directors monitor the performance of the business by reference to management information. The directors are satisfied with the performance of the business during the year.

Matters of strategic importance

The group continues to focus on providing high quality products and a first-class service to its customer base.

Future plans

The directors believe the group and company are well positioned to continue to trade profitably and maintain their market position.

Covid-19

The group continues to address the impact of Covid-19 on the business. Whilst the ongoing situation presents a number of challenges and uncertainties, the directors consider these on a regular basis and have prepared forecasts modelling scenarios which demonstrate that the group should be able to continue to operate as a going concern for the foreseeable future.

The pandemic has not had any significant impact on the operations of the group at the time of approving these financial statements. The Directors have identified measures which could be taken to mitigate any adverse financial impact of the outbreak, at the same time as delivering against the current strategy in the most appropriate way given the current control measures introduced by government following the outbreak.

On behalf of the board



D Toon
Director

Date: 30 July 2021

ALSICO LAUCUBA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of the company and group continued to be that of the supply of workwear.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £2,471,208 (2019: £2,877,639). The directors do not recommend payment of a further dividend.

Directors

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

D Toon
E L Farmer
D R Turner
C Clarke
K Mayes

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

The group continued to widen and strengthen its product base through investment in in-house development and technical enhancement of its products. Research and development costs were incurred in the year in relation to the development of products to meet health and safety standards and quality purposes for specific customer requirements or projects.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor


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

ALSICO LAUCUBA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

On behalf of the board


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D Toon
Director

Date: 30 July 2021

ALSICO LAUCUBA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALSICO LAUCUBA LIMITED

Opinion

We have audited the financial statements of Alsico Laucuba Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including 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 of the parent company's affairs as at 31 December 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;
- 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALSICO LAUCUBA LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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's and the 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 either intend to liquidate the group or the 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALSICO LAUCUBA LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group and parent company are in compliance with these law and regulations including a review of board minutes and requested sight of any relevant correspondence.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, assessing whether the judgements made in making accounting estimates are indicative of potential bias. We tested a sample of revenue transactions recognised either side of the reporting date to determine whether revenue was recorded in the correct period. We also performed analytical procedures on revenue by reviewing the overall reconciliation between revenue, cash and receivables.

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

Use of our report

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

RSM UK Audit LLP

Anthony Steiner FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE

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17 August 2021

ALSICO LAUCUBA LIMITED

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

	Notes	2020 £	2019 £
Turnover	3	36,887,904	37,344,594
Cost of sales		(24,920,175)	(26,153,702)
Gross profit		11,967,729	11,190,892
Distribution costs		(311,889)	(340,874)
<i>Analysis of administrative expenses:</i>			
Administrative expenses- non exceptional		(8,328,837)	(7,431,416)
Administrative expenses- exceptional	4	(534,350)	-
Administrative expenses		(8,863,187)	(7,431,416)
Other operating income		203,980	-
Operating profit	7	2,996,633	3,418,602
Interest receivable and similar income	9	170,951	-
Profit before taxation		3,167,584	3,418,602
Tax on profit	10	(583,104)	(658,733)
Profit for the financial year		2,584,480	2,759,869

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

ALSICO LAUCUBA LIMITED**CONSOLIDATED BALANCE SHEET****AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	12		38,412		20,050
Tangible assets	13		708,697		590,959
Investments	14		-		65,537
			<u>747,109</u>		<u>676,546</u>
Current assets					
Stocks	16	7,869,982		8,162,071	
Debtors	17	8,690,973		8,983,706	
Cash at bank and in hand		2,972,676		2,011,263	
		<u>19,533,631</u>		<u>19,157,040</u>	
Creditors: amounts falling due within one year	18	(5,717,316)		(5,383,158)	
Net current assets			<u>13,816,315</u>		<u>13,773,882</u>
Total assets less current liabilities			<u>14,563,424</u>		<u>14,450,428</u>
Provisions for liabilities	20		-		(276)
Net assets			<u><u>14,563,424</u></u>		<u><u>14,450,152</u></u>
Capital and reserves					
Called up share capital	22		326,780		326,780
Profit and loss reserves	23		14,236,644		14,123,372
Total equity			<u><u>14,563,424</u></u>		<u><u>14,450,152</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 July 2021 and are signed on its behalf by:



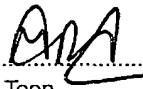
D Toon
Director

ALSICO LAUCUBA LIMITED**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	12	38,412		20,050	
Tangible assets	13	399,943		218,340	
Investments	14	2,412,005		2,477,542	
		<u>2,850,360</u>		<u>2,715,932</u>	
Current assets					
Stocks	16	7,869,982		7,645,612	
Debtors	17	8,462,759		8,392,870	
Cash at bank and in hand		1,306,500		1,841,043	
		<u>17,639,241</u>		<u>17,879,525</u>	
Creditors: amounts falling due within one year	18	<u>(5,081,215)</u>		<u>(4,943,361)</u>	
Net current assets		<u>12,558,026</u>		<u>12,936,164</u>	
Total assets less current liabilities		<u>15,408,386</u>		<u>15,652,096</u>	
Capital and reserves					
Called up share capital	22	326,780		326,780	
Profit and loss reserves	23	15,081,606		15,325,316	
Total equity		<u>15,408,386</u>		<u>15,652,096</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £2,227,498 (2019 - £2,883,373 profit).

The financial statements were approved by the board of directors and authorised for issue on ...30.12.2021 and are signed on its behalf by:


D Toon
Director

ALSICO LAUCUBA LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019		326,780	14,241,142	14,567,922
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	2,759,869	2,759,869
Dividends	11	-	(2,877,639)	(2,877,639)
Balance at 31 December 2019		326,780	14,123,372	14,450,152
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	2,584,480	2,584,480
Dividends	11	-	(2,471,208)	(2,471,208)
Balance at 31 December 2020		326,780	14,236,644	14,563,424

ALSICO LAUCUBA LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019		326,780	15,319,582	15,646,362
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	2,883,373	2,883,373
Dividends	11	-	(2,877,639)	(2,877,639)
Balance at 31 December 2019		326,780	15,325,316	15,652,096
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	2,227,498	2,227,498
Dividends	11	-	(2,471,208)	(2,471,208)
Balance at 31 December 2020		326,780	15,081,606	15,408,386

ALSICO LAUCUBA LIMITED

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

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	24	4,817,645		4,976,676	
Income taxes paid		(1,216,768)		(874,103)	
Net cash inflow from operating activities		<u>3,600,877</u>		<u>4,102,573</u>	
Investing activities					
Purchase of intangible assets		(31,000)		(22,750)	
Purchase of tangible fixed assets		(334,686)		(120,184)	
Proceeds on disposal of tangible fixed assets		26,479		11,625	
Interest received		578		-	
Dividends received		<u>170,373</u>		<u>-</u>	
Net cash used in investing activities		(168,256)		(131,309)	
Financing activities					
Dividends paid to equity shareholders		<u>(2,471,208)</u>		<u>(2,877,639)</u>	
Net cash used in financing activities		(2,471,208)		(2,877,639)	
Net increase in cash and cash equivalents		<u>961,413</u>		<u>1,093,625</u>	
Cash and cash equivalents at beginning of year		<u>2,011,263</u>		<u>917,638</u>	
Cash and cash equivalents at end of year		<u><u>2,972,676</u></u>		<u><u>2,011,263</u></u>	

ALSICO LAUCUBA LIMITED

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

1 Accounting policies

Company information

Alsico Laucuba Limited ("the company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office is Alsico Laucuba Ltd, Pittman Way, Fulwood, Preston, PR2 9ZD.

The group consists of Alsico Laucuba Limited and its subsidiary, Meltemi Limited.

The company's and the group's principal activities and nature of the company's operations and the group's operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized companies and Group (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The consolidated financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest whole £, except where otherwise stated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values changes recognised in profit or loss;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Alsico Laucuba Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2020.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern

In assessing the ability of the company and group to continue to operate as a going concern for the foreseeable future, the directors have considered scenarios which have involved a degree of judgement based upon experience of the sector, forecast activity and the cash resources available to ensure that the financial statements can be prepared on the going concern basis. Since the significance of the economic impacts of the COVID-19 outbreak have become apparent, the Directors have reviewed in detail the group's position and the appropriate basis on which to prepare the financial statements.

Even with the overall disruption caused by the virus there has been no significant financial impact on the group's operating model as a result of the working guidelines introduced by government following the outbreak of the virus. The Directors have considered detailed projections to August 2022, together with a longer-term assessment, to stress test the financial resilience of the group which take into account both a potential decline in income and increase in costs over this period. Whilst the Directors recognise that 2021 will be a challenging year, on the basis of the experience to the date of approval of the financial statements and consideration of the possible future impact on the customer base, they consider that it remains appropriate to prepare the financial statements on a going concern basis. The longer term impact of the COVID-19 outbreak cannot presently be estimated with any certainty, but the stress testing of the group's financial position has satisfied the Directors that it has adequate reserves and mitigation strategies available to deal with the impact of the outbreak as it unfolds.

Turnover

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

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

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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

Software	33.3% straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation.

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

Freehold property	2.5% straight line
Leasehold property	20% straight line
Plant and machinery	15% - 33.3% straight line
Fixtures and fittings	20% - 25% straight line
Motor vehicles	25% straight line

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

Fixed asset investments

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

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

Stocks

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

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

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Financial instruments

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

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances and amounts due from group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate that exactly discounts estimated future cash receipts through the expected life of debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

Derecognition of financial assets

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

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Other financial liabilities

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

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

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

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the year ended 31 December 2020 related to the Government's Coronavirus Job Retention Scheme.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

2 Judgements and key sources of estimation uncertainty

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

The directors do not consider there are any critical accounting estimates or judgements.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Sales	36,887,904	37,344,594
	<u> </u>	<u> </u>
	2020 £	2019 £
Other revenue		
Interest income	578	-
Dividends received	170,373	-
Grants received	203,980	-
	<u> </u>	<u> </u>

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	35,833,832	35,785,810
Overseas	1,054,072	1,558,784
	<u>36,887,904</u>	<u>37,344,594</u>

4 Exceptional costs

	2020 £	2019 £
Impairment of investment	65,537	-
Restructuring costs	468,813	-
	<u>534,350</u>	<u>-</u>

The costs identified as exceptional are in relation to the redundancy costs incurred as a result of the closure of the Meltemi Ltd Norwich site, along with an impairment in relation to an unlisted investment held.

5 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Sales	33	24	24	13
Administration	45	54	34	31
Production	12	15	9	6
Warehouse	26	34	21	24
Total	<u>116</u>	<u>127</u>	<u>88</u>	<u>74</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	4,895,226	4,306,154	3,934,973	2,973,834
Social security costs	309,058	341,865	306,986	247,505
Pension costs	370,737	386,536	338,479	236,555
	<u>5,575,021</u>	<u>5,034,555</u>	<u>4,580,438</u>	<u>3,457,894</u>

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	1,389,083	969,969
Company pension contributions to defined contribution schemes	62,449	61,036
	<u>1,451,532</u>	<u>1,031,005</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

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

	2020 £	2019 £
Remuneration for qualifying services	<u>726,965</u>	<u>606,685</u>

7 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	60,876	90,403
Government grants	(203,980)	-
Depreciation of owned tangible fixed assets	175,057	134,592
Loss/(profit) on disposal of tangible fixed assets	15,412	(2,438)
Amortisation of intangible assets	12,638	34,061
Operating lease charges	<u>319,227</u>	<u>318,561</u>

The derivative financial instruments loss of £61,032 (2019: £89,873) is included within cost of sales as the directors do not consider the amount material to disclose separately on the face of the consolidated statement of comprehensive income.

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	17,400	16,000
Audit of the financial statements of the company's subsidiaries	7,050	6,500
	<u>24,450</u>	<u>22,500</u>

9 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Other interest income	578	-
Income from fixed asset investments		
Income from shares in group undertakings	170,373	-
Total income	<u>170,951</u>	<u>-</u>

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	620,956	694,324
Adjustments in respect of prior periods	(3,466)	(2,347)
Total current tax	<u>617,490</u>	<u>691,977</u>
Deferred tax		
Origination and reversal of timing differences	<u>(34,386)</u>	<u>(33,244)</u>
Total tax charge	<u>583,104</u>	<u>658,733</u>

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation (Continued)

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	3,167,584	3,418,602
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	601,841	649,534
Tax effect of expenses that are not deductible in determining taxable profit	13,198	1,816
Research and development tax credit	-	600
Under/(over) provided in prior years	(3,466)	(2,347)
Group income	(32,371)	-
Fixed asset differences	3,552	5,218
Adjustments to brought forward values	318	3,912
Change in deferred tax rates	32	-
Taxation charge	583,104	658,733

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 19% which was the tax rate substantively enacted at 31 December 2020.

11 Dividends

	2020 £	2019 £
Recognised as distributions to equity holders:		
Final paid	2,471,208	2,877,639

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 January 2020	1,275,655	108,150	1,383,805
Additions - separately acquired	-	31,000	31,000
At 31 December 2020	1,275,655	139,150	1,414,805
Amortisation and impairment			
At 1 January 2020	1,275,655	88,100	1,363,755
Amortisation charged for the year	-	12,638	12,638
At 31 December 2020	1,275,655	100,738	1,376,393
Carrying amount			
At 31 December 2020	-	38,412	38,412
At 31 December 2019	-	20,050	20,050
Company		Software £	
Cost			
At 1 January 2020		108,150	
Additions - separately acquired		31,000	
At 31 December 2020		139,150	
Amortisation and impairment			
At 1 January 2020		88,100	
Amortisation charged for the year		12,638	
At 31 December 2020		100,738	
Carrying amount			
At 31 December 2020		38,412	
At 31 December 2019		20,050	

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Tangible fixed assets

Group	Freehold property £	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 January 2020	415,362	27,159	909,346	171,696	77,444	1,601,007
Additions	-	-	99,656	233,745	1,285	334,686
Disposals	-	-	(172,177)	-	(19,412)	(191,589)
At 31 December 2020	415,362	27,159	836,825	405,441	59,317	1,744,104
Depreciation and impairment						
At 1 January 2020	98,249	22,468	727,839	110,322	51,170	1,010,048
Depreciation charged in the year	17,124	4,691	63,609	79,341	10,292	175,057
Eliminated in respect of disposals	-	-	(131,567)	-	(18,131)	(149,698)
At 31 December 2020	115,373	27,159	659,881	189,663	43,331	1,035,407
Carrying amount						
At 31 December 2020	299,989	-	176,944	215,778	15,986	708,697
At 31 December 2019	317,113	4,691	181,507	61,374	26,274	590,959
Company		Leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 January 2020		27,159	561,387	171,696	21,500	781,742
Additions		-	94,400	233,745	1,285	329,430
At 31 December 2020		27,159	655,787	405,441	22,785	1,111,172
Depreciation and impairment						
At 1 January 2020		22,468	428,968	110,622	1,344	563,402
Depreciation charged in the year		4,691	58,340	79,341	5,455	147,827
At 31 December 2020		27,159	487,308	189,963	6,799	711,229
Carrying amount						
At 31 December 2020		-	168,479	215,478	15,986	399,943
At 31 December 2019		4,691	132,419	61,074	20,156	218,340

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	2,412,005	2,412,005
Unlisted investments		-	65,537	-	65,537
		-	65,537	2,412,005	2,477,542

The unlisted investment in Union Tex-East Co Ltd equates to a 20% shareholding but has been treated as an investment as no significant influence is deemed to exist.

Movements in fixed asset investments

Group	Investments other than loans £
Cost or valuation	
At 1 January 2020 and 31 December 2020	65,537
Impairment	
At 1 January 2020	-
Impairment losses	65,537
At 31 December 2020	65,537
Carrying amount	
At 31 December 2020	-
At 31 December 2019	65,537

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Fixed asset investments (Continued)

Movements in fixed asset investments Company

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2020 and 31 December 2020	2,412,005	65,537	2,477,542
Impairment			
At 1 January 2020	-	-	-
Impairment losses	-	65,537	65,537
At 31 December 2020	-	65,537	65,537
Carrying amount			
At 31 December 2020	2,412,005	-	2,412,005
At 31 December 2019	2,412,005	65,537	2,477,542

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Meltemi Limited	(i)	Supply of work wear	Ordinary	100.00	-

(i) Alsico Laucuba Ltd Pittman Way, Fulwood, Preston, PR2 9ZD

16 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	1,093,235	867,102	1,093,235	867,102
Finished goods and goods for resale	6,776,747	7,294,969	6,776,747	6,778,510
	<u>7,869,982</u>	<u>8,162,071</u>	<u>7,869,982</u>	<u>7,645,612</u>

Included in stock is a provision of £992,589 (2019: £677,148).

17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	7,311,864	7,940,275	5,806,645	7,176,414
Corporation tax recoverable	286,538	-	-	-
Amounts owed by group undertakings	834,898	956,582	2,408,894	1,134,017
Prepayments and accrued income	223,563	86,849	213,496	78,037
	<u>8,656,863</u>	<u>8,983,706</u>	<u>8,429,035</u>	<u>8,388,468</u>

Amounts falling due after more than one year:

Deferred tax asset (note 20)	<u>34,110</u>	<u>-</u>	<u>33,724</u>	<u>4,402</u>
Total debtors	<u>8,690,973</u>	<u>8,983,706</u>	<u>8,462,759</u>	<u>8,392,870</u>

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Trade creditors	861,631	824,577	738,226	720,542
Amounts owed to group undertakings	1,252,590	904,190	1,252,590	905,180
Corporation tax payable	-	312,740	11,310	264,478
Other taxation and social security	1,257,188	599,175	871,767	466,970
Derivative financial instruments	100,905	39,873	100,905	39,873
Other creditors	534,415	1,032,406	526,555	1,019,302
Accruals and deferred income	1,710,587	1,670,197	1,579,862	1,527,016
	<u>5,717,316</u>	<u>5,383,158</u>	<u>5,081,215</u>	<u>4,943,361</u>

HSBC bank plc held the following security over the assets of Meltemi Limited only: a General Letter of Pledge dated 06 January 2012 and a debenture including a Fixed Charge over all present freehold and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and Floating Charge over all assets and undertakings both present and future dated 11 April 2008

On 12 June 2020 the debenture was fully satisfied.

KBC Bank N.V. hold a debenture dated 19 March 2008 over all monies, obligations and liabilities owed or payable to it by the company.

19 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	100,905	39,873	100,905	39,873
	<u>100,905</u>	<u>39,873</u>	<u>100,905</u>	<u>39,873</u>

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Group				
Accelerated capital allowances	-	-	(40,853)	(36,883)
Other timing difference	-	276	74,963	36,883
	<u>-</u>	<u>276</u>	<u>34,110</u>	<u>-</u>

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Deferred taxation (Continued)

Company	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Accelerated capital allowances	-	-	(38,922)	(31,469)
Other timing difference	-	-	72,646	35,871
	-	-	33,724	4,402
			Group 2020 £	Company 2020 £
Movements in the year:				
Liability/(Asset) at 1 January 2020			276	(4,402)
Credit to profit or loss			(34,386)	(29,322)
Asset at 31 December 2020			(34,110)	(33,724)

21 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	370,737	386,536

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. No contributions were payable to the fund at the balance sheet date.

Included within creditors at the year end were contributions totalling £7,515 (2019: £50,035) payable to the scheme.

22 Share capital

Ordinary share capital Issued and fully paid	Group and company 2020 £	2019 £
266,623 (2019:250,284) Ordinary A of £1 each	266,623	250,284
60,157 (2019:76,496) Ordinary B of £1 each	60,157	76,496
	326,780	326,780

All classes of shares are ranked pari passu.

On 6 March 2020 16,339 Ordinary B shares were redesignated to Ordinary A shares.

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Reserves

Profit and loss reserves

The profit and loss reserves represent cumulative profit and loss net of distributions to owners.

24 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	2,584,480	2,759,869
Adjustments for:		
Taxation charged	583,104	658,733
Investment income	(170,951)	-
Loss/(gain) on disposal of tangible fixed assets	15,412	(2,438)
Amortisation and impairment of intangible assets	12,638	34,061
Depreciation and impairment of tangible fixed assets	175,057	134,592
Impairment of investment	65,537	-
Other gains and losses	61,032	89,873
Movements in working capital:		
Decrease in stocks	292,089	234,996
Decrease in debtors	613,381	560,341
Increase in creditors	585,866	506,649
Cash generated from operations	4,817,645	4,976,676

25 Analysis of changes in net funds - group

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	2,011,263	961,413	2,972,676

26 Financial commitments, guarantees and contingent liabilities

There is a guarantee in place provided by KBC bank on behalf of the group to HMRC for £50,000 (2019: £100,000).

There is a guarantee in place provided by HSBC bank on behalf of the group to HMRC for £30,000 (2019: £30,000).

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

27 Operating lease commitments

Lessee

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	10,722	11,087	5,493	5,858
Between one and five years	3,737	13,264	2,866	7,164
	<u>14,459</u>	<u>24,351</u>	<u>8,359</u>	<u>13,022</u>

28 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2020 £	2019 £	Purchases 2020 £	2019 £
Group				
Other related parties	<u>1,539,809</u>	<u>1,876,575</u>	<u>16,663,508</u>	<u>21,839,320</u>
	Dividends paid to group companies 2020 £	2019 £	Dividends received from group companies 2020 £	2019 £
Group				
Other related parties	<u>1,942,883</u>	<u>2,125,486</u>	<u>170,373</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2020 £	2019 £
Group		
Other related parties	<u>1,252,590</u>	<u>904,190</u>

ALSICO LAUCUBA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020 Balance £	2019 Balance £
Group		
Other related parties	834,898	956,582

Other information

During the year dividends of £170,373 (2019: £nil) were received from one of the company's investments, a group related company.

All of the companies above are related by common control by virtue of being part of the Berphina NV, Belgium group of companies.

29 Directors' transactions

The group purchased business services from Kina Business Services Ltd, a company controlled by Kevin Mayes, a director of Alsico Laucuba Limited, totalling £10,000 (2019: £10,000). There was no balance outstanding at the year end.

Dividends totalling £528,325 (2019: £752,153) were paid in the year in respect of shares held by the company's directors.

30 Controlling party

The group is controlled by Mr B Siau by way of his shareholding in Berphina NV'. The group within which the accounts are consolidated is headed by the immediate parent company Berphina NV, Belgium. The consolidated accounts are available to the public.