

Strategic Report, Report of the Director and
Financial Statements for the Year Ended 31 March 2023
for
Mamado International Limited

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for the Year Ended 31 March 2023

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DIRECTOR:

G Nasser

REGISTERED OFFICE:

Primera Accountants Limited
First Floor Spitalfields House
Stirling Way
Borehamwood
WD6 2FX

REGISTERED NUMBER:

06276900 (England and Wales)

AUDITORS:

Primera Accountants Limited
First Floor
Spitalfields House
Stirling Way
Borehamwood
Hertfordshire
WD6 2FX

Strategic Report
for the Year Ended 31 March 2023

The director proudly presents this strategic report for the fiscal year ending 31 March 2023. This comprehensive document encapsulates a detailed overview of our business operations, exemplary financial achievements, and forward-thinking strategic endeavors. It reflects our unwavering commitment to excellence and innovation in a dynamically evolving market landscape.

BUSINESS OVERVIEW AND PERFORMANCE

In an era where innovation defines market leaders, our company has steadfastly adhered to its core mission of developing premium hair and cosmetic products. Our relentless pursuit of excellence in innovation, coupled with rigorous research and development, has successfully positioned us as pioneers in introducing groundbreaking products to the market. This strategic focus has significantly enhanced our brand's value and customer appeal.

The company's financial standing at the conclusion of this year is not just pleasing but a testament to our robust strategic planning and execution. Our financial health signals a trajectory of sustained growth and stability. Looking ahead, we are poised for a consistent upward trend in financial performance, underpinned by strategic investments and a strong market presence.

This year marked a monumental expansion with the launch of our new subsidiary in the USA, a strategic move to harness the vast potential of the American market. This expansion is not just a geographic growth but a strategic leap, bolstering our global footprint and enhancing our ability to deliver exceptional products to a wider audience. The inclusion of the American entity's results in our consolidated accounts symbolizes our integrated global approach.

Navigating through a turbulent global economic landscape, characterized by inflation and geopolitical tensions, our company has demonstrated exceptional prowess in cost management and operational efficiency. Our strategic foresight in managing supplier relationships and price negotiations has been pivotal in maintaining product quality and affordability. This resilience has fortified our market position, ensuring the uninterrupted availability of our products even in challenging times.

Our strategic vision extends beyond current success, focusing on continuously identifying and integrating added value into our products and services. Recognizing that consistent product availability is the cornerstone of our business model, we are committed to innovative strategies that will not only maintain but significantly enhance our market position, turnover, and profit margins in the coming years.

PRINCIPAL RISKS AND UNCERTAINTIES

In an ever-changing global business environment, characterized by economic volatility and geopolitical shifts, our company remains vigilant and proactive. We have developed and implemented comprehensive risk mitigation strategies, ensuring our resilience and adaptability to short and medium-term market disruptions. This strategic foresight positions us to navigate through uncertainties with confidence and agility.

In the fiercely competitive markets of the UK, USA, and EU, our strategic expansion into the US has been a game-changer. This strategic move has not only diversified our market base but significantly amplified our production capabilities and market share. This expansion is a clear demonstration of our commitment to global excellence and a testament to our strategic agility in responding to competitive market dynamics.

Acknowledging the challenges presented by the cost of living crisis, we have maintained an unwavering commitment to our employees. By fostering a culture of mutual respect and understanding, we have effectively addressed their needs, ensuring that our workforce remains motivated and productive. This approach is integral to our operational success and is a key factor in sustaining our competitive advantage.

Our strategic approach includes a vigilant monitoring of global economic trends, geopolitical shifts, currency and interest rate fluctuations, and consumer confidence indices. This comprehensive monitoring system empowers us to anticipate and swiftly respond to market changes, ensuring our long-term sustainability and success. We are equipped with sophisticated tools and strategies to mitigate these risks, positioning us to seize emerging opportunities and deliver sustained benefits to our stakeholders.

Strategic Report
for the Year Ended 31 March 2023

FINANCIAL REVIEW OF THE YEAR

This year's financial performance has been nothing short of stellar. We achieved a remarkable increase in turnover of £1,094,213, reaching a total of £20,627,879. Our gross profit registered a decrease of £279,670 amounting to £3,187,007. These figures are a clear indication of our strategic acumen, operational efficiency, and our team's dedication to achieving financial excellence.

KEY PERFORMANCE INDICATORS

The Key Performance indicators are:-

		31.3.23	31.3.22
	£		
Turnover	£	20,627,879	19,533,666
Gross profit		3,187,007	3,248,693
Gross margin		15.45%	16.63%
Profit before tax		1,027,441	947,314
EBIDTA		1,389,187	1,233,977
Net Assets		3,500,317	3,322,424
Quick Assets		0.85	1.21

ON BEHALF OF THE BOARD:

G Nasser - Director

28 December 2023

Report of the Director
for the Year Ended 31 March 2023

The director presents his report with the financial statements of the company for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The principal activity of the company continued to be that of wholesale and manufacturing of hair and cosmetics products.

DIVIDENDS

An interim dividend of 600,000 per share was paid on 31 March 2023. The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2023 will be £ 600,000 .

DIRECTOR

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

Mr G Nasser

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Primera Accountants Limited were appointed as auditors to the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

G Nasser - Director

28 December 2023

Opinion

We have audited the financial statements of Mamado International Limited (the 'company') for the year ended 31 March 2023 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation including compliance with customs regulations, data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- obtaining an understanding of the policies and procedures including internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations in order to design audit procedures that are appropriate in the circumstances (but not for the purpose of expressing an opinion on the effectiveness of the company's internal control).

To address the risk of fraud through management bias and override of controls, we:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates in relation to income recognition, collectability of debtors, impairment of tangible and intangible assets and valuation of stock were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

Report of the Independent Auditors to the Members of
Mamado International Limited

-evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director;

-evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view);

-reading the minutes of meetings of those charged with governance;

-enquiring of management as to actual and potential litigation and claims;

-reviewing correspondence with HMRC and the company's legal advisors; and

- Concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve collusion, forgery, deliberate concealment and omissions, misrepresentations, or the override of internal control.

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

Use of our report

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

Sadikali Gulamabas Premji FCCA (Senior Statutory Auditor)
for and on behalf of Primera Accountants Limited
First Floor
Spitalfields House
Stirling Way
Borehamwood
Hertfordshire
WD6 2FX

28 December 2023

Income Statement
for the Year Ended 31 March 2023

	Notes	31.3.23 £	31.3.22 £
TURNOVER	4	20,627,879	19,533,666
Cost of sales		<u>17,440,872</u>	<u>16,284,973</u>
GROSS PROFIT		3,187,007	3,248,693
Administrative expenses		<u>2,079,502</u>	<u>2,384,461</u>
		1,107,505	864,232
Other operating income		<u>-</u>	<u>130,304</u>
OPERATING PROFIT	6	1,107,505	994,536
Interest payable and similar expenses	8	<u>80,064</u>	<u>47,222</u>
PROFIT BEFORE TAXATION		1,027,441	947,314
Tax on profit	9	<u>249,548</u>	<u>179,141</u>
PROFIT FOR THE FINANCIAL YEAR		<u>777,893</u>	<u>768,173</u>

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 31 March 2023

	Notes	31.3.23 £	31.3.22 £
PROFIT FOR THE YEAR		777,893	768,173
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>777,893</u>	<u>768,173</u>

Balance Sheet
31 March 2023

	Notes	31.3.23 £	£	31.3.22 £	£
FIXED ASSETS					
Intangible assets	11	-	-	-	-
Tangible assets	12	<u>1,960,191</u>		<u>1,923,412</u>	
		1,960,191		1,923,412	
CURRENT ASSETS					
Stocks	13	4,379,249		2,098,057	
Debtors	14	6,311,916		5,939,359	
Cash at bank and in hand		<u>698,979</u>		<u>620,675</u>	
		11,390,144		8,658,091	
CREDITORS					
Amounts falling due within one year	15	<u>8,299,706</u>		<u>5,429,718</u>	
NET CURRENT ASSETS			<u>3,090,438</u>		<u>3,228,373</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,050,629		5,151,785
CREDITORS					
Amounts falling due after more than one year	16		(1,100,351)		(1,497,866)
PROVISIONS FOR LIABILITIES	20		<u>(449,961)</u>		<u>(331,495)</u>
NET ASSETS			<u>3,500,317</u>		<u>3,322,424</u>
CAPITAL AND RESERVES					
Called up share capital	21		1		1
Retained earnings	22		<u>3,500,316</u>		<u>3,322,423</u>
SHAREHOLDERS' FUNDS			<u>3,500,317</u>		<u>3,322,424</u>

The financial statements were approved by the director and authorised for issue on 28 December 2023 and were signed by:

G Nasser - Director

Statement of Changes in Equity
for the Year Ended 31 March 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2021	1	2,554,250	2,554,251
Changes in equity			
Total comprehensive income	-	768,173	768,173
Balance at 31 March 2022	<u>1</u>	<u>3,322,423</u>	<u>3,322,424</u>
Changes in equity			
Dividends	-	(600,000)	(600,000)
Total comprehensive income	-	777,893	777,893
Balance at 31 March 2023	<u>1</u>	<u>3,500,316</u>	<u>3,500,317</u>

Cash Flow Statement
for the Year Ended 31 March 2023

	Notes	31.3.23 £	31.3.22 £
Cash flows from operating activities			
Cash generated from operations	1	1,121,781	(629,795)
Interest paid		(77,721)	(46,597)
Interest element of finance lease payments paid		(2,343)	(625)
Tax paid		(60,756)	(128,562)
Net cash from operating activities		<u>980,961</u>	<u>(805,579)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(318,461)	(542,234)
Sale of tangible fixed assets		-	31,040
Net cash from investing activities		<u>(318,461)</u>	<u>(511,194)</u>
Cash flows from financing activities			
Capital repayments in year		15,804	92,585
Equity dividends paid		(600,000)	-
Net cash from financing activities		<u>(584,196)</u>	<u>92,585</u>
Increase/(decrease) in cash and cash equivalents		<u>78,304</u>	<u>(1,224,188)</u>
Cash and cash equivalents at beginning of year	2	620,675	1,844,863
Cash and cash equivalents at end of year	2	<u><u>698,979</u></u>	<u><u>620,675</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 March 2023

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

	31.3.23 £	31.3.22 £
Profit before taxation	1,027,441	947,314
Depreciation charges	281,682	239,441
Profit on disposal of fixed assets	-	(9,073)
Finance costs	80,064	47,222
	<u>1,389,187</u>	<u>1,224,904</u>
(Increase)/decrease in stocks	(2,281,192)	286,099
Increase in trade and other debtors	(1,011,795)	(1,247,622)
Increase/(decrease) in trade and other creditors	<u>3,025,581</u>	<u>(893,176)</u>
Cash generated from operations	<u><u>1,121,781</u></u>	<u><u>(629,795)</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2023

	31.3.23 £	1.4.22 £
Cash and cash equivalents	<u>698,979</u>	<u>620,675</u>

Year ended 31 March 2022

	31.3.22 £	1.4.21 £
Cash and cash equivalents	<u>620,675</u>	<u>1,844,863</u>

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank and in hand	<u>620,675</u>	<u>78,304</u>	<u>698,979</u>
	<u>620,675</u>	<u>78,304</u>	<u>698,979</u>
Debt			
Finance leases	(92,585)	(15,804)	(108,389)
Debts falling due within 1 year	(360,000)	-	(360,000)
Debts falling due after 1 year	<u>(1,440,000)</u>	<u>390,000</u>	<u>(1,050,000)</u>
	<u>(1,892,585)</u>	<u>374,196</u>	<u>(1,518,389)</u>
Total	<u><u>(1,271,910)</u></u>	<u><u>452,500</u></u>	<u><u>(819,410)</u></u>

Notes to the Financial Statements
for the Year Ended 31 March 2023

1. **STATUTORY INFORMATION**

Mamado International Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

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

Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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:

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

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible assets

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.

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

Patents	20% on cost
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Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Plant and machinery	10% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	20% 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.

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

2. ACCOUNTING POLICIES - continued

Financial instruments

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

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

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

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Equity instruments

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing these financial statements the directors have made the following judgements:

Critical judgements

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

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stock

Stocks are valued at the lower of cost or net realisable value. In order to establish an appropriate cost of the stock, the cumulative value of the last purchase price, the cost of duty, commission and shipping are taken into account. These costs are re-assessed on an annual basis. Net realisable value is resale price less any further sales costs and discounts.

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.3.23	31.3.22
	£	£
Total	20,627,879	19,533,666
	<u>20,627,879</u>	<u>19,533,666</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

4. **TURNOVER - continued**

Turnover represents the sale of goods and products to its business customers net of VAT.

The turnover of the company has been derived from its principal activity to customers in the United Kingdom as well as the rest of the world. No further disclosure of exports is given due to it being considered commercially sensitive.

5. **EMPLOYEES AND DIRECTORS**

	31.3.23	31.3.22
	£	£
Wages and salaries	612,595	502,504
Social security costs	35,236	28,318
Other pension costs	9,774	7,653
	<u>657,605</u>	<u>538,475</u>

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

	31.3.23	31.3.22
Management and Finance	3	3
Admin, Distribution and Sales	<u>37</u>	<u>30</u>
	<u>40</u>	<u>33</u>

	31.3.23	31.3.22
	£	£
Director's remuneration	<u>66,000</u>	<u>42,000</u>

6. **OPERATING PROFIT**

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

	31.3.23	31.3.22
	£	£
Depreciation - owned assets	281,682	239,442
Profit on disposal of fixed assets	-	(9,073)
Foreign exchange differences	<u>22,492</u>	<u>(20,570)</u>

7. **AUDITORS' REMUNERATION**

	31.3.23	31.3.22
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>22,000</u>	<u>20,000</u>

8. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.3.23	31.3.22
	£	£
Bank loan interest	77,602	46,369
Interest payable	119	228
Leasing	<u>2,343</u>	<u>625</u>
	<u>80,064</u>	<u>47,222</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

9. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.3.23 £	31.3.22 £
Current tax:		
UK corporation tax	131,082	119,104
Deferred tax	118,466	60,037
Tax on profit	<u>249,548</u>	<u>179,141</u>

Reconciliation of total tax charge included in profit and loss

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

	31.3.23 £	31.3.22 £
Profit before tax	<u>1,027,441</u>	<u>947,314</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	195,214	179,990
Effects of:		
Expenses not deductible for tax purposes	461	(1,388)
Capital allowances in excess of depreciation	(28,628)	(59,498)
Deferred tax	118,466	60,037
Group relief	(35,965)	-
Total tax charge	<u>249,548</u>	<u>179,141</u>

10. **DIVIDENDS**

	31.3.23 £	31.3.22 £
Ordinary share of 1 Interim	<u>600,000</u>	<u>-</u>

11. **INTANGIBLE FIXED ASSETS**

	Patents and licences £
COST	
At 1 April 2022 and 31 March 2023	<u>57,202</u>
AMORTISATION	
At 1 April 2022 and 31 March 2023	<u>57,202</u>
NET BOOK VALUE	
At 31 March 2023	<u>-</u>
At 31 March 2022	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

12. **TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2022	2,142,661	141,513	206,576	2,490,750
Additions	308,783	9,678	-	318,461
At 31 March 2023	<u>2,451,444</u>	<u>151,191</u>	<u>206,576</u>	<u>2,809,211</u>
DEPRECIATION				
At 1 April 2022	510,358	39,959	17,021	567,338
Charge for year	219,110	24,661	37,911	281,682
At 31 March 2023	<u>729,468</u>	<u>64,620</u>	<u>54,932</u>	<u>849,020</u>
NET BOOK VALUE				
At 31 March 2023	<u>1,721,976</u>	<u>86,571</u>	<u>151,644</u>	<u>1,960,191</u>
At 31 March 2022	<u>1,632,303</u>	<u>101,554</u>	<u>189,555</u>	<u>1,923,412</u>

13. **STOCKS**

	31.3.23	31.3.22
	£	£
Stocks	<u>4,379,249</u>	<u>2,098,057</u>

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

	31.3.23	31.3.22
	£	£
Trade debtors	5,244,871	4,168,663
Amounts owed by group undertakings	1,022,196	1,603,205
Tax	-	58,229
Prepayments	<u>44,849</u>	<u>109,262</u>
	<u>6,311,916</u>	<u>5,939,359</u>

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

	31.3.23	31.3.22
	£	£
Bank loans and overdrafts (see note 17)	360,000	360,000
Finance leases (see note 18)	58,038	34,719
Trade creditors	5,520,206	3,301,476
Amounts owed to group undertakings	515,206	284,596
Tax	131,201	119,104
VAT	204,556	136,425
Other creditors	1,418,499	1,134,398
Accrued expenses	<u>92,000</u>	<u>59,000</u>
	<u>8,299,706</u>	<u>5,429,718</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

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

	31.3.23	31.3.22
	£	£
Bank loans (see note 17)	1,050,000	1,440,000
Finance leases (see note 18)	50,351	57,866
	<u>1,100,351</u>	<u>1,497,866</u>

17. **LOANS**

An analysis of the maturity of loans is given below:

	31.3.23	31.3.22
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>360,000</u>	<u>360,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,050,000</u>	<u>1,440,000</u>

18. **LEASING AGREEMENTS**

Minimum lease payments under finance leases fall due as follows:

	Finance leases	
	31.3.23	31.3.22
	£	£
Net obligations repayable:		
Within one year	58,038	34,719
Between one and five years	<u>50,351</u>	<u>57,866</u>
	<u>108,389</u>	<u>92,585</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.3.23	31.3.22
	£	£
Bank loans	<u>1,410,000</u>	<u>1,800,000</u>

The long term loans are secured by fixed and floating charges over all property or undertaking of the company.

20. **PROVISIONS FOR LIABILITIES**

	31.3.23	31.3.22
	£	£
Deferred tax	<u>449,961</u>	<u>331,495</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

20. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £	Other provisions £
Balance at 1 April 2022	331,495	271,458
Provided during year	118,466	60,037
Balance at 31 March 2023	<u>449,961</u>	<u>331,495</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.23 £	31.3.22 £
1	Ordinary	1	<u>1</u>	<u>1</u>

22. RESERVES

	Retained earnings £
At 1 April 2022	3,322,423
Profit for the year	777,893
Dividends	(600,000)
At 31 March 2023	<u>3,500,316</u>

23. FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

The company has given guarantees and charges over its assets in favour of other group companies in support of certain borrowings of those companies. At the balance sheet date the amount outstanding under these borrowings was approximately £2.666 million (2022: £2.666 million).

The director has provided a personal guarantee of a maximum of £850,500 to the company's bankers in respect of the borrowings of the company and its fellow group undertakings.

24. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption under section 33.1A of FRS 102, from the requirement to disclose transactions with wholly owned members of the group.

25. ULTIMATE CONTROLLING PARTY

The company's parent undertaking is KMS Holdings Limited, a company incorporated in England and Wales under company registration number 06276544.

The ultimate controlling party is Mr G Nasser, by the virtue of holding the entire issued share capital of KMS Holdings Limited.

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