

Company registration number 6411536 (England and Wales)

NEKEM LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021
PAGES FOR FILING WITH REGISTRAR

NEKEM LIMITED

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NEKEM LIMITED

BALANCE SHEET

AS AT 31 JULY 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	6		56,262		71,479
Current assets					
Stocks	7	1,258,294		1,136,541	
Debtors	8	769,312		894,793	
Cash at bank and in hand		678,945		987,304	
		2,706,551		3,018,638	
Creditors: amounts falling due within one year	9	(1,289,155)		(2,376,190)	
Net current assets			1,417,396		642,448
Total assets less current liabilities			1,473,658		713,927
Creditors: amounts falling due after more than one year	10		(40,046)		(93,896)
Net assets			1,433,612		620,031
Capital and reserves					
Called up share capital			1		1
Profit and loss reserves			1,433,611		620,030
Total equity			1,433,612		620,031

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28 July 2022 and are signed on its behalf by:

Mr MJ Duffell
Director

Company Registration No. 6411536

NEKEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

Company information

Nekem Limited is a private company limited by shares incorporated in England and Wales. The registered office is North Works Guilden Sutton Lane, Guilden Sutton, Chester, CH3 7EX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

This 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:

- 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 11 'Basic Financial Instruments' and 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; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Lendlock Group Limited. These consolidated financial statements are available from its registered office.

1.2 Going concern

At the time of signing these accounts, having considered the economic climate, the Directors expectations and intentions for the next twelve months, and the availability of working capital, the Directors are of the opinion that the Company will remain viable for the foreseeable future and therefore these Financial Statements have been prepared on the Going Concern basis.

NEKEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses 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 assumed to be ten years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

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

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

Plant and equipment	20% on reducing balance
Fixtures and fittings	15% on reducing balance
Computers	Straight line over 3 years
Motor vehicles	25% on reducing balance

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.

1.6 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.

NEKEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

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

1.7 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.

1.8 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.

1.9 Taxation

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

NEKEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

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

1.11 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.

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.

1.12 Foreign exchange

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

1.13 Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

NEKEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

2 Judgements and key sources of estimation uncertainty

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

3 Employees

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

	2021 Number	2020 Number
Total	13	13

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	15,901	19,290

5 Intangible fixed assets

	Goodwill £
Cost	
At 1 August 2020 and 31 July 2021	3,727,111
Amortisation and impairment	
At 1 August 2020 and 31 July 2021	3,727,111
Carrying amount	
At 31 July 2021	-
At 31 July 2020	-

NEKEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

6	Tangible fixed assets	Plant and fixtures and fittings equipment		Computers	Motor vehicles	Total
		£	£	£	£	£
	Cost					
	At 1 August 2020	256,008	58,780	19,318	48,561	382,667
	Additions	-	-	1,414	-	1,414
	Disposals	-	-	-	(9,727)	(9,727)
	At 31 July 2021	256,008	58,780	20,732	38,834	374,354
	Depreciation and impairment					
	At 1 August 2020	210,759	46,450	17,012	36,967	311,188
	Depreciation charged in the year	8,891	2,321	1,791	2,898	15,901
	Eliminated in respect of disposals	-	-	-	(8,997)	(8,997)
	At 31 July 2021	219,650	48,771	18,803	30,868	318,092
	Carrying amount					
	At 31 July 2021	36,358	10,009	1,929	7,966	56,262
	At 31 July 2020	45,249	12,330	2,306	11,594	71,479
7	Stocks					
				2021	2020	
				£	£	
	Stocks			1,258,294	1,136,541	
8	Debtors					
				2021	2020	
	Amounts falling due within one year:			£	£	
	Trade debtors			504,291	550,249	
	Amounts owed by group undertakings			-	330,161	
	Other debtors			248,413	2,573	
	Prepayments and accrued income			16,608	11,810	
				769,312	894,793	

NEKEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

9 Creditors: amounts falling due within one year

		2021 £	2020 £
Bank loans	11	46,667	46,667
Trade creditors		309,805	297,438
Amounts owed to group undertakings		386,030	1,007,261
Corporation tax		147,242	65,000
Other taxation and social security		130,695	156,417
Other creditors		105,424	724,816
Accruals and deferred income		163,292	78,591
		<u>1,289,155</u>	<u>2,376,190</u>

10 Creditors: amounts falling due after more than one year

		2021 £	2020 £
Bank loans and overdrafts		35,001	81,668
Other creditors		5,045	12,228
		<u>40,046</u>	<u>93,896</u>

Other creditor - Financial Instruments

The Company entered into an interest rate collar agreement in order to manage the risk of exposure to variable interest rate movements on a loan for rates outside of the collar interest rates. The term of the agreement expires on April 2023 with a floor rate of 4.5% and a cap rate of 6%. The objective is to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

11 Loans and overdrafts

		2021 £	2020 £
Bank loans		<u>81,668</u>	<u>128,335</u>
Payable within one year		46,667	46,667
Payable after one year		<u>35,001</u>	<u>81,668</u>

These debts are secured by way of:

1. Corporate cross guarantee between all companies within the group headed up by Lendlock Group Limited dated April 2008.
2. Mortgage debenture given by the Company dated April 2008.

NEKEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor:	Hilene Henry
Statutory Auditor:	Sedulo Audit Limited

13 Parent company

The controlling party is Lendlock Group Limited.

The company's ultimate parent undertaking and controlling party is Lendlock Group Limited. The results of the Company are consolidated at Lendlock Group Limited and the consolidated financial statements of this group are available from the following address:

Guilden Sutton Lane
Chester
United Kingdom
CH3 7EX

14 Related party disclosures

As a wholly owned subsidiary of Lendlock International Limited, the sole subsidiary of Lendlock Group Limited, Nekem Limited has taken advantage of the exemption allowed by Financial Reporting Standard 102, "Related Party Transactions" (FRS 102 1a), not to disclose any transactions with entities that are included in the consolidated financial statements of the ultimate parent undertaking.

The following companies are related parties to the company as they are all members of the same group:

Specialist Anodising Company Limited
Lendlock International Limited
Scott Closures International Limited
FL-Plastics Limited

The company has also chosen not to disclose transactions with subsidiaries as these transactions have been carried out under normal market conditions.

Within Other creditors, a balance of £6,614 (2020: £6,614) is included regarding money owed to the Director's Loan Account. No interest is charged on the balance and it is repayable on demand.

15 APB ethical standard - provisions available for small entities

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.