REGISTERED NUMBER: 06873920 (England and Wales)

BRAND MACHINE INTERNATIONAL LIMITED

Strategic Report, Report of the Director and

Financial Statements for the Year Ended 30 June 2023

Contents of the Financial Statements
for the year ended 30 June 2023

Company Information
for the year ended 30 June 2023

Director:	A T Jalil
Registered office:	Unit 1 Windsor Industrial Estate 424 Ware Road Hertford Herefordshire SG13 7EW
Registered number:	06873920 (England and Wales)
Auditors:	Cooper Parry Group Limited Statutory Auditor CUBO Birmingham Office 401, 4th Floor Birmingham West Midlands B3 3AX
Bank:	Barclays Bank 2 Churchill Place Canary Wharf London E14 5RB

Strategic Report
for the year ended 30 June 2023

The director presents his strategic report for the year ended 30 June 2023.

Review of business
We aim to present a balanced and comprehensive review of the strategic development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business.

Brand Machine International Limited delivered sales slightly lower than the budget and growth strategy in 2022/2023 although it continues to be a leading light in the international design, manufacturing and selling of globally recognised branded goods across Children's & Adult branded Apparel and accessories.

Along with some one-off operational costs in the year relating to increased investment in cloud based IT infrastructure and distribution centre cost, the company has continued to managed its customers' expectations with great forward-looking communication, avoiding cancellations on its pre-sold order book against the back drop of market saturation of unsold heavily discounted goods and inflationary pressure.

The company's international business continued to grow outside of the UK & Ireland during this period, with the long term outlook showing this incremental sales trend to continue for the foreseeable future especially with its continuation to sign global licencing agreements such as New Balance childrenswear in apparel and accessories, along with two more major international brand signings for 2023/2024.

The EBIT profit levels held up well in consideration of the one-off costs incurred in the year to the sum of £1.875M, along with increasing logistic and salary costs.

Principal risks and uncertainties
As we predicted and stated in our 2021/2022 annual report the manufacturing demand did start to slow down in Q4 2022, along with fast rising interest rates the year continued to be under economical pressure in the clothing sector. Inflationary increases across all sectors have taken effect and consumer spending on non-essential purchases are clearly putting the sector under pressure.

Consumer price pressure will continue into 2024 as will the reduction in consumer purchasing, so in anticipation we have decided to reduce our full year sales forecast, but have already seen a increased EBIT return on the investments in IT & DC cost, meaning a controlled growth of 10%, as a true reflection of feedback from our key trading accounts, while an increased EBIT means we will sustain our profitable position.

The pressure from a strong US dollar continues to be one to watch carefully and monitor in the coming months, as the group buys in US dollar and although cost savings in shipping and cost of production will help, we still believe the strong dollar will be a pressure point along with reduced consumer demand.

Our increased NON UK & Ireland business will however allowed us to offset a reasonable portion of risk, but it remains one of the key factors for an importing business.

Strategic Report
for the year ended 30 June 2023

Section 172(1) statement
Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of Brand Machine International Limited consider, both individually and together, that they have acted in a way they consider to be in good faith, and would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the shareholders and matters set out in s172(1)(a-f) of the act) in the decisions taken during the year ended 30 June 2023.

The directors believe that key stakeholders of the company includes employees, shareholders, customers, suppliers and the local community, and the business plan that the directors have adopted includes the following key matters that are relevant to complying with S172(1) of the Companies Act 2006:

Long term decisions
Our plan is designed to have a long-term beneficial impact on the company to both continue to grow the reputation of the company in the market place and employ experienced personnel throughout the business. During the current year we have moved to a new office in Camden, London to support the growth in headcount required to drive our long term growth plans.

Employees
Our employees are fundamental to the delivery of the plan and major focus of our strategy, as our people are one of the key driving forces behind our business. We aim to be a responsible employer in our approach to the pay and benefits that our employees receive. The health safety and well-being of our employees is one of the primary considerations in the way that the company does business. During the pandemic, the company's leading focus was on supporting our people physically, mentally and financially.

Fostering good relations with customers and suppliers and maintaining a reputation for a high standard of business conduct
Our intention as a board of directors is to behave responsibly and ensure that management continue to operate the business in a responsible manner and in line with the code of conduct.

As a company we have a strong commitment to compliance and an outstanding reputation for approaching and conducting business in an ethical and fair way. This in turn will help to continue to build and enhance the distinguished reputation of Brand Machine International Limited in the years ahead. We aim to pay all our suppliers on time and in full and run our accounts payable function with this target.

Fostering positive and strategic long-term relationships with our customers and suppliers has been key to the company's success and the board recognises the need to continue to develop and maintain such relationships. High quality service to customers is a key value of Brand Machine International Limited and central to how business is conducted and differentiates us from our competitors. We have conducted Modern Slavery Act compliance audits with our suppliers during the year.

The company's directors, and employees at all levels in the business, are in regular ongoing communication with their counterparts from suppliers and customers. Key issues are escalated to the directors to ensure that the company's values and standard are consistent throughout.

Financial key performance indicators
We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole.

Turnover for the year was £58.3m (2022: £58.2m). The gross profit margin achieved was 27.6% (2022: 37.3%). The operating profit for the period was £5.4m (2022: £12.6m).

Profit after taxation was £3.8m (2022: £10.3m) which has been retained and added to reserves. Shareholder's funds therefore stood at £14.1m at the end of the year (£2022: £10.3m).

Principal risks and uncertainties
We believe the manufacturing demand will start to slow down in Q4, this year, alongside reductions in the cost of shipping, which will assist a partial offsetting of some of the inflationary increases ahead.

Consumer price pressure will continue into 2023 as will the reduction in consumer purchasing, so in anticipation we have reduced our full year sales forecast by 11%, meaning a controlled growth of 19%, as a true reflection of feedback from our key trading accounts.

The pressure from a strong US dollar continues to be one to watch carefully and monitor in the coming months.

Our increased international USD business has allowed us to offset a reasonable portion of risk, but it remains one of the key factors for an importing business.

Development and performance
The company's three E's still pay a pivotal part of its long-term strategy - ENTRY - ELEVATE - EXCEPTIONAL

- Enter new markets with a great entry product strategy, manufacturing local for local and understanding cultural differences.
- Elevate existing markets, continue to disrupt the norm, with great marketing and surprise partnerships.
- Employ exceptional people to create exceptional product and experiences for the consumer.

We continue to invest in the Senior Leadership Team (SLT), bringing to the business the best-in-class leaders, from Design to logistic at home and overseas.

The business continues to expand its product categories within each brand and is successfully moving swiftly into new areas of the business, incrementally creating additional future long term growth with new brand signings in the home textiles industry.

The brand profile continues to be concentrated in the company's core business of fashion and sports apparel,with an eye on further acquisitions to add to the group's owned branded offer. Adults apparel, although relevantly new in the last three years, continues to incrementally grow and provide an expanding retailer customer list. We continue to meet and partner with the best commercially minded brands in the world to add to our already unchallengeable stable of brands.

The company is continuing its commitment with its manufacturing, branded and retail partners to address environmental issues. We have appointed an ESG officer with a substantial background in Environmental, Social and Governance to the SLT, who will help us through the changing landscape for a fast-paced entrepreneurial large multi-channel international business.

We have a high percentage of young people in our business and, with the help of their input, we see this accelerating at quite a pace in the coming year to become a leading light in the process of industry change in sustainable manufacturing. We are pleased to say that many of our manufacturing partners have installed some great long-term initiatives at several points of the manufacturing process.

Strategic Report
for the year ended 30 June 2023

Our supply base continues to evolve and new vendors been audited to allow us to get ahead of our growth and new product needs. We continue to update and check that all compliance and international requirements are adhered to by our manufacturing partners and we are pleased to say they remains on the leading lists of manufactures in the industry.

The company's business strategy continues to drive its multi-channel strategy, and now have five consumer facing digital businesses covering Kids, Sport, Premium and Luxury.

Alongside our direct to retail distribution and .com presence, we continue to see exceptional sales in our U.S. Polo Assn stores, with more openings signed for 2023/2024.

We continue to create the best teams of diverse talent in our people within each pillar of the business, rewarding them based on group performance, with above market salaries and bonuses.

We continue to search in a difficult employment market for people who will change the momentum of each of the pillars, while still retaining a steady and strategic focus on the existing teams through training and listening to ideas small or large.

Our one stop creative studio and showrooms in Camden London, continue to bring together the best creative and product teams under one purpose-built space, increasing interaction and the sharing of ideas.

The company's logistics continues to be a long-term strategic plan of change in line with growth and as such the group has signed a further international partnership with 4PX, to become its global 3PL partner as the group opens offices in Poland, Australia, Dubai while maintaining its core business hub in the UK.

Future developments and strategy
Continue to enter new markets with a great entry product strategy, manufacturing local for local and understanding cultural differences.

Elevate existing markets, continue to disrupt the norm, with great marketing and surprise partnerships.

Employ exceptional people to create exceptional product and experiences for the consumer.

Stick to the plan, execute, and deliver on our promise to our team, brand partners, and the consumer.

On behalf of the board:

A T Jalil - Director

20 December 2023

Report of the Director
for the year ended 30 June 2023

The director presents his report with the financial statements of the company for the year ended 30 June 2023.

Principal activity
The principal activity of the company continued to be that of the wholesale of branded clothing.

Dividends
No dividends will be distributed for the year ended 30 June 2023.

Events since the end of the year
Information relating to events since the end of the year is given in the notes to the financial statements.

Director
A T Jalil held office during the whole of the period from 1 July 2022 to the date of this report.

Qualifying third party indemnity provisions
During the year and up to the date of the report, the company maintained liability insurance and third-party indemnification provisions for its directors, under which the company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the company.

Financial risk management objectives and policies
The company's activities expose it to a number of financial risks.

The company took steps to ensure that when purchasing finished goods it has limited its reliance on any one supplier by expanding the supplier base and territories.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Credit risk attributable to trade receivables was minimised by setting credit limits based on credit ratings assigned by credit agencies.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company mitigated liquidity risk by managing cash generation through its operation and by applying cash collection targets.

Cash flow risk
Cash flow risk is the risk of exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The company's exposure to cash flow risk was mitigated via the of invoice financing.

Foreign exchange risk
The company mitigated foreign exchange risk by monitoring all its foreign currency denominated transactions and as much as possible limiting them in entering into transactions having a volatile foreign currency.

Company's policy for payment of creditors
The company's policy concerning the payments of trade creditors was to:

- Settle the terms of payment with suppliers when agreeing the term of each transaction;
  ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contract;
- and
- pay in accordance with the company's contractual and other legal obligations.

Streamlined energy and carbon reporting
The company fulfils its statutory requirements for Streamlined Energy and Carbon Reporting, which includes disclosure of the company's carbon emissions. Under the Companies Act 2006 / SECR Regulations, 'Large' companies are required to report their annual emissions within the Director's Report.

The company's SECR statement covers the financial year ending 30 June 2023 and has been prepared in line with the requirements of the SECR regulations and the relevant areas of the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard.

Scope of reporting
The scope of this SECR includes all activities and sites controlled by Brand Machine Limited. All sites and activities are situated and carried out in the United Kingdom.

Emissions are broken down into three categories by the GHG Protocol, as follows:

Scope 1 - All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks;

Scope 2 - Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation; and

Scope 3 - All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

Methodology
A 'Dual Reporting' methodology has been used to indicate emissions using UK electricity grid average emission factors (the 'Location Based' method) and also using specific generation emission factors (the 'Market Based' method). Energy data has been collected from the following sources:

Activity	**Source of data**
Electric consumption	Total kilowatt hours used from suppliers' electricity bills
Gas consumption	Total kilowatt hours used from suppliers' gas bills
Company owned commercial vehicles	Vehicle mileage from expense claims

Energy usage and emissions report

	2023	2022
UK energy usage (kWh)	89,603	136,265
Associated greenhouse gas emissions	18,138 kg C02e	27,660 kg C02e
Intensity ratio Emissions per £1m of turnover	311kg / £m tonne	475kg / £m tonne

Disclosure in the strategic report
Certain items of disclosure required by the Companies Act 2006 have been included within the Strategic Report.

Director's responsibilities statement
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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Report of the Director
for the year ended 30 June 2023

Auditors
The audit business of Haines Watts Birmingham LLP was acquired by Cooper Parry Group Limited on 14 November 2023. Accordingly, Haines Watts Birmingham LLP has resigned as auditor and Copper Parry Group Limited has been appointed in its place.

Cooper Parry Group Limited will be deemed to be re-appointed under section 487(2) of the Companies Act 2006.

On behalf of the board:

A T Jalil - Director

20 December 2023

Opinion
We have audited the financial statements of Brand Machine International Limited (the 'company') for the year ended 30 June 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 June 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 Director's Responsibilities Statement set out on page seven, 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:

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included, but were not limited to:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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.

Kevin Hodgetts FCA (Senior Statutory Auditor)
for and on behalf of Cooper Parry Group Limited
Statutory Auditor
CUBO Birmingham
Office 401, 4th Floor
Birmingham
West Midlands
B3 3AX

21 December 2023

Statement of Comprehensive Income for the year ended 30 June 2023

	Notes	2023 £	2022 £
Turnover	3	**58,320,619**	58,215,330
Cost of sales		**(42,212,902)**	(36,479,687)
Gross profit		**16,107,717**	21,735,643
Distribution costs		**(1,657,533)**	(959,217)
Administrative expenses		**(9,005,019)**	(8,137,838)
		5,445,165	12,638,588
Other operating income		**514**	11,875
Operating profit	5	**5,445,679**	12,650,463
Interest payable and similar expenses	6	**(511,097)**	(43,665)
Profit before taxation		**4,934,582**	12,606,798
Tax on profit	7	**(1,086,817)**	(2,295,374)
Profit for the financial year		**3,847,765**	10,311,424
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,847,765**	10,311,424

The notes form part of these financial statements

Balance Sheet
30 June 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible assets	8		**18,824**		17,331
Tangible assets	9		**440,092**		626,652
Investments	10		**20,887**		20,887
			479,803		664,870
Current assets					
Stocks	11	**18,776,679**		20,506,788	
Debtors	12	**7,389,292**		14,186,391	
Cash at bank		**3,192,670**		4,066,169	
		29,358,641		38,759,348	
Creditors					
Amounts falling due within one year	13	**14,676,858**		28,102,105	
Net current assets			**14,681,783**		10,657,243
Total assets less current liabilities			**15,161,586**		11,322,113
Creditors					
Amounts falling due after more than one year	14		**1,005,528**		1,013,820
Net assets			**14,156,058**		10,308,293
Capital and reserves					
Called up share capital	17		**100**		100
Retained earnings	18		**14,155,958**		10,308,193
Shareholders' funds			**14,156,058**		10,308,293

The financial statements were approved by the director and authorised for issue on 20 December 2023 and were signed by:

A T Jalil - Director

Statement of Changes in Equity
for the year ended 30 June 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2021	100	(3,231)	(3,131)
Changes in equity			
Total comprehensive income	-	10,311,424	10,311,424
Balance at 30 June 2022	100	10,308,193	10,308,293
Changes in equity			
Total comprehensive income	-	3,847,765	3,847,765
Balance at 30 June 2023	100	14,155,958	14,156,058

The notes form part of these financial statements

1. **Statutory information**

Brand Machine 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.

Preparation of consolidated financial statements
The financial statements contain information about Brand Machine International Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, The Brand Machine Limited, Unit 1 Windsor Industrial Estate, 424 Ware Road, Hertford, Hertfordshire, SG13 7EW.

Going concern
The director believes that the financial statements of the company should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. In making this assessment, the director has considered a period of at least twelve months from the date of approval of the financial statements and believes that no further disclosures relating to the ability of the company to continue as going concerns need to be made in the financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Critical accounting 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.

The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Depreciation of tangible fixed assets
Depreciation is calculated based on an estimate of the useful economic life of each category of fixed assets together with an estimate of the assets' residual values. The estimates of each asset category's useful economic life have been stated above.

Stock provisions
At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its realisable value, being selling price less costs to sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

continued...

2. **Accounting policies - continued**

Turnover
Revenue is recognised to the extent that it it probable that the economic benefits will flow to the company and the revenue can be reliably measured, which is usually when the goods are delivered. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

Tangible fixed assets
Tangible fixed assets are all under the cost model, and are stated at historical cost less accumulated depreciation. 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.

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

Depreciation is provided on the following basis:

Motor vehicles	- 3 years
Fixtures and fittings	- 3-9 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost.

Stocks
Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete stock and slow moving stocks. Cost includes all direct costs.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

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.

continued...

2. **Accounting policies - continued**

Foreign currencies

Functional and presentation currency

The company's functional and presentational currency is the Pound Sterling (£).

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Hire purchase and leasing commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in the tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Company recognises annual rent expenses equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

continued...

2. Accounting policies - continued

Financial instruments
The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debtors
Short term debtors are measured at transaction price, less any impairment.

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

Creditors
Short term creditors are measured at the transaction price.

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

3. 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:

	2023	2022
	£	£
United Kingdom	**46,426,731**	38,971,776
Europe	**9,415,738**	9,263,593
Rest of World	**2,478,150**	9,979,961
	58,320,619	58,215,330

4. Employees and directors

	2023	2022
	£	£
Wages and salaries	**4,068,776**	3,556,998
Social security costs	**522,010**	319,861
Other pension costs	**155,677**	121,859
	4,746,463	3,998,718

continued...

4. **Employees and directors - continued**

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

	2023	2022
Management	**7**	6
Administration	**7**	7
Selling and distribution	**86**	64
	100	77

	2023	2022
	£	£
Director's remuneration	**10,000**	10,000

5. **Operating profit**

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

	2023	2022
	£	£
Hire of plant and machinery	**916**	1,991
Other operating leases	**506,453**	296,400
Depreciation - owned assets	**333,310**	274,087
Computer software amortisation	**14,627**	5,692
Auditors' remuneration	**28,000**	28,000
Auditors' remuneration for non audit work	**24,549**	26,298
Foreign exchange differences	**(56,602)**	1,086,390

Auditors' remuneration
The company has borne the auditors' fees for audit and non-audit services, as relevant, for the year ended 30 June 2023 on behalf of fellow group companies, The Brand Machine Limited, Flyers Group Plc and Flyers CNV Limited.

6. **Interest payable and similar expenses**

	2023	2022
	£	£
Interest payable -		
Corporation Tax	**70,267**	-
Other interest and charges	**142,211**	43,665
Director loan account interest	**298,619**	-
	511,097	43,665

7. **Taxation**

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

	2023	2022
	£	£
Current tax:		
UK corporation tax	**1,052,759**	2,298,605
Under/(over) provision in prior year	**34,058**	(3,231)
Tax on profit	**1,086,817**	2,295,374

UK corporation tax has been charged at 20.49% .

continued...

7. **Taxation - continued**

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:

	2023	2022
	£	£
Profit before tax	**4,934,582**	12,606,798
Profit multiplied by the standard rate of corporation tax in the UK of 20.496% (2022 - 19%)	**1,011,392**	2,395,292
Effects of:		
Expenses not deductible for tax purposes	**12,337**	9,975
Capital allowances in excess of depreciation	**-**	(106,160)
Depreciation in excess of capital allowances	**29,030**	-
Utilisation of tax losses	**-**	(502)
Adjustments to tax charge in respect of previous periods	**34,058**	(3,231)
Total tax charge	**1,086,817**	2,295,374

Factors that may effect future tax charges
The main rate of corporation tax in force at the Statement of Financial Position date was 25%, having increased from 19% with effect from 1 April 2023. A small profits rate of 19% for companies with profits not exceeding £50k also took effect from the same date.

8. **Intangible fixed assets**

	Computer software
	£
Cost	
At 1 July 2022	**435,329**
Additions	**16,120**
At 30 June 2023	**451,449**
Amortisation	
At 1 July 2022	**417,998**
Amortisation for year	**14,627**
At 30 June 2023	**432,625**
Net book value	
At 30 June 2023	**18,824**
At 30 June 2022	17,331

continued...

9. **Tangible fixed assets**

	Fixtures and fittings £	Motor vehicles £	Totals £
Cost			
At 1 July 2022	1,451,339	42,450	1,493,789
Additions	146,750	-	146,750
At 30 June 2023	1,598,089	42,450	1,640,539
Depreciation			
At 1 July 2022	847,694	19,443	867,137
Charge for year	319,799	13,511	333,310
At 30 June 2023	1,167,493	32,954	1,200,447
Net book value			
At 30 June 2023	430,596	9,496	440,092
At 30 June 2022	603,645	23,007	626,652

10. **Fixed asset investments**

	Shares in group undertakings £
Cost	
At 1 July 2022 and 30 June 2023	20,887
Net book value	
At 30 June 2023	20,887
At 30 June 2022	20,887

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Flyers Group USA Corp
Registered office: United States of America
Nature of business: non-trading

Class of shares:	% holding
Ordinary	100.00

	2023 £	2022 £
Aggregate capital and reserves	(147,000)	(147,554)
Profit/(loss) for the year	548	(8,620)

Flyers Group GmbH
Registered office: Germany
Nature of business: non-trading

Class of shares:	% holding
Ordinary	100.00

	2023 £	2022 £
Aggregate capital and reserves	(47,006)	(47,006)
Loss for the year	(456)	(3,138)

continued...

11. Stocks

	2023	2022
	£	£
Finished goods	**18,776,679**	20,506,788

An impairment reversal of £47k (2021 - £625k) was recognised in cost of sales against stock during the year in respect of the movement on the provision for slow-moving and obsolete stock.

12. Debtors: amounts falling due within one year

	2023	2022
	£	£
Trade debtors	**5,616,758**	11,581,611
Amounts owed by group undertakings	**214,821**	335,289
Amounts owed by participating interests	**586,882**	662,235
Other debtors	**31,849**	33,449
VAT	**11,235**	1,069,059
Called up share capital not paid	**100**	100
Prepayments	**927,647**	504,648
	7,389,292	14,186,391

13. Creditors: amounts falling due within one year

	2023	2022
	£	£
Hire purchase contracts (see note 15)	**8,292**	8,292
Trade creditors	**2,828,314**	14,063,118
Amounts owed to group undertakings	**2,029,128**	3,271,615
Amounts owed to participating interests	**3,672,651**	2,374,220
Corporation tax	**3,429,393**	2,298,605
Social security and other taxes	**116,678**	107,199
Other creditors	**93,406**	105,876
Directors' loan accounts	**1,419,212**	1,227,274
Accruals and deferred income	**1,079,784**	4,645,906
	14,676,858	28,102,105

14. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Hire purchase contracts (see note 15)	**5,528**	13,820
Directors' loan accounts	**1,000,000**	1,000,000
	1,005,528	1,013,820

The director's loan is repayable upon demand of the director except for £1,000,000 (2022: £1,000,000) for which payment is deferred for more than 1 year. Please see note 20 for further details.

continued...

15. **Leasing agreements**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2023	2022
	£	£
Net obligations repayable:		
Within one year	**8,292**	8,292
Between one and five years	**5,528**	13,820
	13,820	22,112

	Non-cancellable	operating leases
	2023	2022
	£	£
Within one year	**327,491**	378,982
Between one and five years	**1,091,618**	1,230,389
In more than five years	**660,520**	849,240
	2,079,629	2,458,611

16. **Secured debts**

The following secured debts are included within creditors:

	2023	2022
	£	£
Trade finance facility	**921,833**	1,079,795
Hire purchase liabilities	**13,820**	22,112
	935,653	1,101,907

The company has a trade finance facility with Conance Limited. The debt under this agreement is secured by a debenture dated 22/11/2021 giving a fixed and floating charge over the company's stock.

Liabilities under hire purchase agreements are secured on the individual assets concerned.

17. **Called up share capital**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2023** **£**	2022 £
100	Ordinary	£1	**100**	100

18. **Reserves**

	Retained earnings **£**
At 1 July 2022	**10,308,193**
Profit for the year	**3,847,765**
At 30 June 2023	**14,155,958**

Profit and loss account
Profit and loss account includes all current and prior period retained profits and losses.

continued...

19. Pension commitments

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. The pension cost charge represents contributions paid by the company to the fund.

Contributions payable by the company for the period were £155,677 (2022: £121,859).

20. Related party disclosures

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.

The director operates a loan account with the company. During the year the director charged interest on his loan account at a rate of 1%, the total interest charged was £298,619 (2022: £nil). At the year end, the company owed £2,573,402 (2022: £2,227,273) to the director, £154,190 of which is shown in trade creditors as a balance owed to F G Management Limited, a company in which A Jalil is a director. The loan is repayable upon demand of the director except for £1,000,000 (2022: £1,000,000) for which payment is deferred for more than 1 year.

Included in debtors are balances with the following companies all under the common control of the director:

	2023	**2022**
Duchamp Licencing Limited	£357,193	£213,897
Penfield Licencing Limited	£229,689	£415,825
Brand Machine Retail Limited	-	£3,000
Peckham Rye Licencing Limited	-	£29,513
Total	£586,882	£662,235

Included in creditors are balances with the following companies under the common control of the director:

Brand Machine Licences Limited	£3,311,052	£2,374,220
Brand Machine Retail Limited	£357,314	-
Peckham Rye Licencing Limited	£4,285	-
F G Management Limited	£154,190	-
Total	£3,826,841	£2,374,220

During the period the company incurred expenses with the below named companies under common control of the director:

	2023	**2022**
Duchamp Licencing Limited	£17,920	£17,342
Penfield Licencing Limited	£155,113	£169,841
Brand Machine Licences Limited	£5,361,621	£4,283,972
Peckham Rye Licencing Limited	£41,911	-
F G Management Limited	£154,190	-
Brand Machine Retail Limited	£1,200,000	-

During the period the company recharged expenses to the below named companies under common control of the director:

	2023	**2022**
Brand Machine Retail Limited	£68,565	-

21. Post balance sheet events

In July 2023 the company entered into a trade finance facility agreement of £6m with Barclays Bank Plc and an invoice discounting facility with a ceiling of £4m. The facilities are secured by a debenture and cross guarantee over the company's assets.

continued...

22. Ultimate controlling party

The immediate and ultimate parent company is The Brand Machine Limited, a company also incorporated and registered in England & Wales. Copies of the consolidated financial statements of the group can be obtained from The Brand Machine Limited, Unit 1 Windsor Industrial Estate, 424 Ware Road, Hertford, Hertfordshire, SG13 7EW.

The ultimate controlling party is A T Jalil.