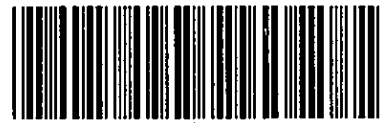


Company Registration No. NI656278 (Northern Ireland)



MZURI GROUP LTD
REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

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MZURI GROUP LTD

COMPANY INFORMATION

Directors	J D C McCluggage W M Dickson S M Dickson R C Dickson J A D Speer J M Davison G A Clarke L M Dickson N W Valkenburg A Zimmatore
Secretary	O Grzymek
Company number	NI656278
Registered office	1 Ferguson Drive Lisburn County Antrim BT28 2FL
Auditor	RSM UK Audit LLP Chartered Accountants Number One Lanyon Quay Belfast BT1 3LG
Bankers	Danske Bank Corporate Banking Centre Donegall Square West Belfast BT1 6JS Bank of Ireland 1 Donegall Square South Belfast BT1 5LR
Solicitors	Cleaver Fulton Rankin 50 Bedford Street Belfast BT2 7FW A & L Goodbody 6th Floor 42-46 Fountain Street Belfast Northern Ireland BT1 5EF

MZURI GROUP LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report of Mzuri Group Limited (the "Company") for the year ended 31 December 2022.

Mzuri Group is a global luxury window coverings group established with the vision to provide an environment where companies can achieve their true potential. Founded by a leadership team with more than 40 years of success in the window coverings market, the spirit of the group is to assemble the best of the best.

Sharing a vision, ideas, experience, resources and the ultimate goal of growth by providing beautiful pieces of interior fashion for homes across the UK & Europe.

Mzuri Group Limited has, since its formation, secured significant equity and debt funding to pursue a strategy of investment and expansion seeking to strengthen manufacturing capability, efficiency and flexibility and to expand activities into mainland Europe and the USA. The Company and its subsidiaries are referred to collectively as the "Group" in this report. The Group is currently made up of 26 companies with over 1,400 people; designing, engineering and supplying creative and innovative made-to-measure window coverings.

Fair review of the business

Our aim is to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that may arise.

The directors consider the results for the year to reflect the continued demand for the Group's products and services and will continue to seek every opportunity to increase profitable turnover.

The directors are committed to and will increase shareholder value through the implementation of growth strategies, improvements in customer service, buying, inventory management and overhead cost savings and efficiencies. The Group is proactive in terms of marketing and new product innovation and development and continues to review, update and expand its product portfolio to ensure that it both meets and exceeds its customer expectations in terms of quality, price, delivery performance and consumer demand.

Principal risks and uncertainties

Performance in the sector is affected by general economic conditions and specific sectoral factors such as mortgage rates, house price inflation, demographic trends, unemployment, oil prices and weather. The board carries out regular strategic reviews including assessments of competitor activity, market trends and forecasts and customer behavior. Product availability and price fluctuation are other sectoral risks faced. The security of product supply is monitored by the directors on an ongoing basis with supplier financial strength, product quality and service levels regularly reviewed. The Group's active review of market prices both provides protection and maximises opportunities from anticipated price movements.

Development and performance

The directors are committed to long term creation of shareholder value by increasing the Group's market share through both organic growth and through acquisition of complementary businesses expanding both manufacturing capability and geographical coverage. The successful implementation of this growth strategy combined with achievement of improvements in buying, inventory management and overhead cost savings has resulted in the satisfactory results reported for 2022, despite the sector remaining highly competitive.

The Group's continued focus on the achievement of outstanding customer service and the expansion of both UK and European operations will be a lead driver for 2023 and beyond. Imperative to maintaining this level of service sees a focus on lead times, and systems ensuring the customer experience is constantly enhanced ensuring and reflecting the Group's continued drive to lead the industry.

MZURI GROUP LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

The group's key performance indicators are as follows:

	2022 £'000	2021 £'000	2020 £'000
Growth in sales	(1.51%)	79.58%	24.57%
Growth in operating profit	(74.63%)	50.19%	(2.35%)
Return on capital employed	(4.53%)	15.06%	14.57%

The group continued to achieve strong sales during the year, gross profit experienced challenges primarily related to inflationary pressures. We are expecting Gross Profit to recover in 2023. The results were in line with forecast and are considered satisfactory by the directors.

Human resources

The labour market continued to be challenging in 2022 and our focus on staff retention remained a high priority. We introduced a comprehensive and well received Employee Benefits book that was circulated to all staff outlining the various benefits and initiatives available to our employees.

Further initiatives to aid staff attrition in 2022 included extension of flexi working scheme and continuation of the hybrid working model for eligible staff, additional annual leave and company performance related bonus schemes. The business continues to offer a variety of work patterns for new employees e.g. part time evening shift and 4 day week and has accommodated several requests for flexible working patterns for existing staff who require to work around childcare and personal responsibilities.

Mzuri continues to engage with local universities and colleges to support entry level positions such as Student Placements and Graduate schemes across a number of disciplines such as Engineering, Marketing, Finance, HR, IT and Purchasing. The business regularly attends recruitment fairs and local events to enhance our employer brand and showcase our opportunities for employment and career development.

Internal development remains a key focus and there have been a number of promotions internally across the business. Support for professional development continues with a number of staff currently engaged in outside studies to enhance their personal and career prospects.

Following on from the 2021 Investors in People (IIP) reaccreditation, the business has continued to focus on communication and managing performance. Communication between staff and management continues through the Employee Forum mechanism with regular reviews with representatives from staff and management discussing the important issues staff want to raise with clear points of contact to ensure matters are resolved swiftly.

Environment

The Surveillance audit of ISO14001:2015 took place in January 2022 and was again successful with no non-conformances reported. The effectiveness of the Environmental Management System was evidenced during the audit with improvement opportunities being implemented. Electricity and gas consumption, along with waste to landfill targets continue to be measured, along with the monitoring of installed Solar Photovoltaic output, which continues to provide a renewable source of electricity. Additional renewable Solar Photovoltaic (PV) provision has been explored during 2022, having witnessed the benefits of the previously installed Solar PV system in the main head quarter building.

The business complies, as a minimum requirement, with applicable environmental legislation and regulations, approved codes of practice, guidance and licenses, that are required by the business, and ensure that contractors also meet their minimum legal requirements. Our policy provides the framework for setting measurable objectives and targets that are relevant to our operations for protecting the environment, this policy covers the life cycle from new product development, offering environmentally friendly, recycled product options, through to operations being set clear environmental guidance via documented procedures which are audited regularly. The business where required communicates on end of life disposal of hazardous wastes to end users, and provides direct customers with the weight of packaging provided in the calendar year, to meet their statutory obligations.

MZURI GROUP LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Environmental Management Committee meet periodically to review actions, targets, opportunities for improvement with these being communicated to staff through team briefs. An environmental section is included in the monthly HR Report with monthly analysis of energy consumption and solar PV system continuing.

Health & Safety

The Directors are committed to ensuring the highest possible safety standards while ensuring compliance with applicable legislation, and ensure that an effective Health and Safety Management System is in place and effectively resourced. The aim of the Health and Safety management system is to provide a safe work environment for all workers, ensuring that hazards are minimised to an acceptable level.

A comprehensive induction programme is delivered at the outset of employment for all staff to include health, safety and environmental awareness at a basic level and specific health and safety training is delivered where applicable job tasks dictate, this is completed in an e-learning style embracing advancements in our integrated training and statutory compliance software.

The business are additionally utilising this software to assist with risk mitigation, for pre-use machinery checks, task observations, logging of protective equipment provision, tool-box talk safety contacts, sign-off for safe operating procedures, calibration checks and racking checks.

Risk assessments including general task based, pregnancy, manual and repetitive handling are carried out periodically, with observations and actions communicated via an action plan.

During 2022 the business continued to adhere to Government direction on Covid control measures, updating the Covid Risk Assessment as new guidance was released. After the relaxation of controls, the business felt that there were control measures that should continue, although not mandatory it was felt that these controls provided assurance to staff.

A 10% reduction in lost time frequency rate was the key health and safety company metric that is measured and reviewed monthly by Senior Management and Board of Directors. The Health and Safety Committee continues as a cross-functional team who meet regularly to manage ongoing issues and proactively seek ways to make improvements across the business.

As a business we are aware of the wide age demographic in the workplace, so to ensure that the business and it's trained first aiders are properly equipped, fully automatic defibrillators have been installed in 2022 for quick and easy access at certain Mzuri sites.

The businesses are committed to ensuring the protection of both mental and physical health, the Health and Wellbeing Policy was updated in 2022, this included the provision of trained mental health first aiders to assist both reactively in times of crisis and proactively to signpost issues and assist with interventions.

MZURI GROUP LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Directors duties and section 172 statement

The directors of the group, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in s172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term;
- The interests of the company's employee's;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.'

The directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the group.

The following paragraphs summarise how the directors' fulfil their duties:

Our purpose, strategy and consideration of decisions for the long term

Historically the Group has taken pride in designing, creating, engineering, manufacturing and distributing its own products and services, nurturing consumer demands to deliver products which embrace their needs and historically adding our own "Mzuri touch" to create blind collections as unique and individual as we are. The continued expansion of the portfolio of products with multiple brands deliver an array of products, each exuding a passion to provide quality collections with desirable aesthetics.

This same ethos and purpose carries across all Group activity namely the manufacturing and distributing of a wide range of blind types and components and providing wholesale and made to measure solutions.

The Group's strategy is outlined in this Report and at board meetings held throughout the year, two of our key considerations have continued to be review of our strategy and how our business and the Group should evolve and grow to react to and exceed the needs of our customers. The Group continues to be proactive in terms of marketing and new product development and continues to review, update and expand its product portfolio to ensure that it meets and exceeds its customer expectations in terms of quality, price, delivery performance and consumer demand.

As disclosed in the Financial Statements at pages 51 to 53 during the year the Group expanded operations through the following acquisitions:

- acquired the entire share capital of Ascend Digital Solutions Limited in May 2022, an agency specialising in digital transformation, enabling companies to develop bespoke online software and system integrations.
- acquired 51% of Gardin Lis in November 2022, a window blind and awnings retailer based in Denmark.

Strategic Developments after the Reporting period

To date in 2023 the Group has:

- acquired the entire share capital of a company who specialises in providing manufacturers and retailers with a comprehensive software solution for ordering, scheduling and producing high-quality window coverings of all types.

MZURI GROUP LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Our Culture and people

The team now is made up of over 1,400 employees (1,469 at the balance sheet date), each with unique skills and personalities which combine to form our diverse Group.

Our most important resource is our people and ensuring we retain their knowledge and skills is paramount to the continued success of the business. Internally led development programmes such as "First Step" which is a foundation course for those who wish to develop into the next level within Operations have been developed to enable participants to have the knowledge and skills in place to provide them with the best opportunity of success when a role becomes available.

Being an Employer of Choice is paramount in the current recruitment market and the Group continue to offer competitive terms and conditions, benefits and opportunities for promotion across all of the Group companies. In the UK Decora has recently been recredited with the Investors in People Award, with areas such as communication, performance management and employee involvement exceeding the requirements of the core standard. Similar initiatives will be pursued across all locations as the Group integrates new acquisitions.

The Employee Forum remains as a means to engage and discuss with employees on various day to day matters impacting on staff. It also acts to provide staff with updates on company performance, new products, initiatives and changes in the business. This provides employees with an awareness of financial and economic factors influencing the business and an opportunity to meet with Directors and Senior staff.

Risk Management

Consideration of risks is an integral part of how the Group operates on a daily basis. As the Group continues to grow to meet its strategic objectives, it is vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management. For details of our principle risks and uncertainties, and how we manage our risk environment see page 1.

Business relationships

The continuing growth of the business will be driven by continued growth with our existing customers, innovation of products and expansion of our customer base across Europe. We seek regular feedback from our customers throughout the year - this includes day to day contact through our Area Sales Managers or at strategic level with Directors. We value all of our suppliers with many being long standing suppliers to the Group. We hold regular communications with them and continue to work with them on new product development. For those manufacturing products we will ensure we visit both their offices and their production facilities including those suppliers in the Far East.

Community and environment

The group looks to support the community through its charitable giving's and support of local charities.

For details of Environmental actions and initiatives see page 2.

Shareholders

The Board is committed to openly engaging with shareholders, recognising the importance of continuing effective dialogue and communication. It is important that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard, and any issues or questions raised properly considered.

On behalf of the board



.....
J D C McCluggage
Director

Date: 05/07/23
.....



.....
S M Dickson
Director

MZURI GROUP LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company and group continued to be that of the wholesale of blind components and the manufacturing of blinds.

Results and dividends

The results for the year are set out on page 14.

Ordinary dividends were paid amounting to £2,260,000. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

J D C McCluggage

W M Dickson

S M Dickson

R C Dickson

J A D Speer

J M Davison

G A Clarke

(Appointed 26 May 2022)

L M Dickson

N W Valkenburg

(Appointed 4 June 2022)

A Zimmatore

(Appointed 4 June 2022)

Financial instruments

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Liquidity risk

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned extensions.

Interest rate cash flow risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at fixed rate.

Foreign currency risk

While the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to some foreign exchange risk in the normal course of business, principally on sales in euros and purchases in euros and dollars.

MZURI GROUP LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the board.

Price risk

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Research and development

The directors recognise the importance of research and development to the future of the group and are committed to continued investment in this strategic area. Further details on research and development can be found in the accounting policies note in the financial statements.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Future developments

Throughout 2022 the Group continued to expand with two further acquisitions; Ascend a progressive agency specialising in digital transformation enabling companies to develop bespoke online software and system integration. Ascend will allow the Group to gain a central source for digital integration and engagement. Gardin Lis a leading family-run blind retailer in Denmark was acquired in November. This addition to the Group further secures foothold and market share in the Scandinavian market.

Mzuri's strategy throughout 2023 and into 2024 will be to focus and invest in vertical integration, facilitating enhanced control of multiple stages of the supply chain for its product. Utilisation will focus on two areas; wholesale components through Decora, Domicet and Vako and blind manufacturing with Decora, Domus Lumina, Gardin Lis Tropical and Iseek with the aim of increasing efficiencies, reducing costs and gaining greater control of our supply chain.

Linked to the Group's vertical integration strategy will be the development of a Group Motorisation strategy. The growth of motorisation has been significant in recent years and in line with the increasing ability of smart home technology, motorised blinds will be integrated into a wider range of home automation systems further increasing their appeal.

The Board is confident that as a market leader in window coverings, our people, product and platforms will continue to position the Group and emerge stronger at the end of 2023.

Overall risk to operations since 31 December 2022

As set out in detail in the Strategic report the directors are committed to long term creation of shareholder value.

Product demand has continued to be very strong and the major challenge now facing the company is meeting this continued high demand. The steps taken internally regarding production processes, the new protocols and processes introduced and the expansion of supply chains means that the company is well placed to manage any further disruption.

MZURI GROUP LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Auditor

The auditor RSM UK Audit LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon reporting

This report is prepared to support compliance with the requirements of the UK's Streamlined Energy and Carbon Reporting (SECR) scheme.

This SECR Compliance report is prepared for the period from 01-01-2022 to 31-12-2022, Mzuri Group Ltd's third reporting year under the SECR scheme.

		2022		2021
Energy consumption	kWh	kWh	kWh	kWh
Aggregate of energy consumption in the year				
- Gas combustion	1,844,714		2,803,005	
- Fuel consumed for transport	902,558		1,415,439	
- Electricity purchased	1,159,324		1,130,708	
		<u>3,906,596</u>		<u>5,349,152</u>
Emissions of CO2 equivalent	Metric tonnes	Metric tonnes	Metric tonnes	Metric tonnes
Scope 1 - direct emissions				
- Gas combustion	336.70		515.97	
- Fuel consumed for owned transport	51.76		283.33	
		<u>388.46</u>		<u>799.30</u>
Scope 2 - indirect emissions				
- Electricity purchased		453.34		452.84
Scope 3 - other indirect emissions				
- Fuel consumed for transport not owned by the company		-		-
		<u>-</u>		<u>-</u>
<i>Total gross emissions</i>		<u>841.80</u>		<u>1,252.14</u>
Intensity ratio				
Dividing tonnes carbon by total equivalent staff across 2022 – Staff number correct as of year-end 2022.		0.72		0.76
		<u>0.72</u>		<u>0.76</u>

Quantification and reporting methodology

The methodology chosen for calculating emissions is the GHG Protocol Corporate Standard. The GHG Protocol is a multi-stakeholder partnership of businesses, NGOs, and governments, led by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). It serves as the premier source of knowledge on corporate GHG accounting and reporting and draws on the expertise and contributions of individuals and organisations from around the world. It is internationally accepted as best practice.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per FT staff equivalent.

MZURI GROUP LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Measures taken to improve energy efficiency

In the UK Decora have operated a certified ISO 14001 environmental management system for seven years and have introduced numerous efficiency measures which have supported their drive to reduce energy use. These measures have continued during the financial year 2022 with a continuous improvement approach to energy efficiency and reduction of their carbon footprint.

Significant Energy Efficiency Action Measures 2022

- Office LED lighting - continuation of LED upgrade project replacing less efficient fluorescent lighting with efficient LED lighting.
- Summer use lighting focus on power off when natural light is sufficient.

Generation of solar PV (K1 Building)

Solar PV of 103,479kWh (2021: 118,795kWh) was generated during the year.

Strategic report

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

Statement of disclosure to auditor

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

On behalf of the board



.....
J D C McCluggage
Director



.....
S M Dickson
Director

Date: 05/07/23
.....

MZURI GROUP LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 group and company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MZURI GROUP LTD

Opinion

We have audited the financial statements of Mzuri Group Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MZURI GROUP LTD (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MZURI GROUP LTD (CONTINUED)

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

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to employment laws & regulations and General Data Protection Regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and inspected correspondence with regulatory authorities, as appropriate.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing revenue using data analytics and substantive procedures.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

Use of our report

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

RSM UK Audit LLP

Michael Scofield (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Number One
Lanyon Quay
Belfast
BT1 3LG

.....
05/07/23

MZURI GROUP LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	193,433,702	196,396,988
Cost of sales		(142,911,645)	(146,330,322)
Gross profit		50,522,057	50,066,666
Amortisation	13	(6,161,071)	(5,103,732)
Depreciation	14	(2,268,316)	(2,028,551)
Other administrative expenses		(39,963,345)	(33,417,256)
Total administrative expenses		(48,392,732)	(40,549,539)
Other operating income		369,736	335,155
Operating profit	7	2,499,061	9,852,282
Interest receivable and similar income	9	218	231
Interest payable and similar expenses	10	(1,557,607)	(854,881)
Fair value gains and losses on foreign exchange contracts		(850,202)	-
Profit before taxation		91,470	8,997,632
Tax on profit	11	(1,944,218)	(3,086,507)
(Loss)/profit for the financial year		(1,852,748)	5,911,125
Other comprehensive income net of taxation			
Currency translation differences		242,161	7,730
Total comprehensive income for the year		(1,610,587)	5,918,855
(Loss)/profit for the financial year is attributable to:			
- Owners of the parent company		(1,954,444)	5,855,324
- Non-controlling interests		101,696	55,801
		(1,852,748)	5,911,125
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		(1,712,283)	5,863,054
- Non-controlling interests		101,696	55,801
		(1,610,587)	5,918,855

MZURI GROUP LTD**CONSOLIDATED BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	13	47,321,470		52,289,266	
Other intangible assets	13	1,536,172		1,130,964	
Total intangible assets		48,857,642		53,420,230	
Tangible assets	14	9,500,782		10,910,186	
		58,358,424		64,330,416	
Current assets					
Stocks	17	30,785,857		33,590,579	
Debtors	18	23,856,860		21,313,353	
Cash at bank and in hand		11,008,250		11,794,927	
		65,650,967		66,698,859	
Creditors: amounts falling due within one year	19	(45,449,657)		(56,284,536)	
Net current assets		20,201,310		10,414,323	
Total assets less current liabilities		78,559,734		74,744,739	
Creditors: amounts falling due after more than one year	20	(36,596,047)		(34,825,068)	
Provisions for liabilities	24	(1,063,412)		(680,288)	
Net assets		40,900,275		39,239,383	
Capital and reserves					
Called up share capital	27	45,974		47,149	
Share premium account	28	13,184,744		8,968,474	
Option reserve	28	(1,966,134)		(2,645,958)	
Capital redemption reserve	28	1,964		-	
Share based payment reserve	28	358,842		192,033	
Profit and loss reserves	28	28,222,337		32,344,955	
Equity attributable to owners of the parent company		39,847,727		38,906,653	
Non-controlling interests		1,052,548		332,730	
		40,900,275		39,239,383	

MZURI GROUP LTD

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 05/07/23 and are signed on its behalf by:



.....
J D C McCluggage
Director



.....
S M Dickson
Director


MZURI GROUP LTD**COMPANY BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	15	68,397,394		66,557,686	
Current assets					
Debtors	18	7,199,857		1,411,777	
Cash at bank and in hand		-		1,809,287	
		<u>7,199,857</u>		<u>3,221,064</u>	
Creditors: amounts falling due within one year	19	<u>(24,186,415)</u>		<u>(20,674,908)</u>	
Net current liabilities			<u>(16,986,558)</u>		<u>(17,453,844)</u>
Total assets less current liabilities			<u>51,410,836</u>		<u>49,103,842</u>
Creditors: amounts falling due after more than one year	20		<u>(35,216,665)</u>		<u>(34,176,270)</u>
Net assets			<u><u>16,194,171</u></u>		<u><u>14,927,572</u></u>
Capital and reserves					
Called up share capital	27	45,974		47,149	
Share premium account	28	13,184,744		8,968,474	
Option reserve	28	(1,966,134)		(2,645,958)	
Capital redemption reserve	28	1,964		-	
Share based payment reserve	28	358,842		192,033	
Profit and loss reserves	28	4,568,781		8,365,874	
Total equity			<u><u>16,194,171</u></u>		<u><u>14,927,572</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the period was £1,543,761 (2021 - £9,169,961 profit).

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

The financial statements were approved by the board of directors and authorised for issue on 05/07/23 and are signed on its behalf by:



 J D C McCluggage
 Director

MZURI GROUP LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Option reserve £	Capital redemption reserve £	Share based payment reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2021		22,965	2,499,318	-	-	49,099	30,294,864	32,866,246	(44,021)	32,822,225
Year ended 31 December 2021:										
Profit for the year		-	-	-	-	-	5,855,324	5,855,324	55,801	5,911,125
Other comprehensive income net of taxation:										
Currency translation differences		-	-	-	-	-	7,730	7,730	-	7,730
Total comprehensive income for the year		-	-	-	-	-	5,863,054	5,863,054	55,801	5,918,855
Issue of share capital		24,184	6,469,156	-	-	-	-	6,493,340	-	6,493,340
Dividends	12	-	-	-	-	-	(3,750,642)	(3,750,642)	-	(3,750,642)
Share based payment		-	-	-	-	142,934	-	142,934	-	142,934
Acquisition of subsidiary		-	-	-	-	-	-	-	258,629	258,629
Purchase of shares in subsidiary from non-controlling interest		-	-	-	-	-	(62,321)	(62,321)	62,321	-
Equity component of future options		-	-	(2,645,958)	-	-	-	(2,645,958)	-	(2,645,958)
Balance at 31 December 2021		47,149	8,968,474	(2,645,958)	-	192,033	32,344,955	38,906,653	332,730	39,239,383

MZURI GROUP LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Option reserve £	Capital redemption reserve £	Share based payment reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Year ended 31 December 2022:										
Loss for the year		-	-	-	-	-	(1,954,444)	(1,954,444)	101,696	(1,852,748)
Other comprehensive income net of taxation:										
Currency translation differences		-	-	-	-	-	242,161	242,161	-	242,161
Total comprehensive income for the year		-	-	-	-	-	(1,712,283)	(1,712,283)	101,696	(1,610,587)
Issue of share capital	27	789	4,216,270	-	-	-	-	4,217,059	-	4,217,059
Dividends	12	-	-	-	-	-	(2,260,000)	(2,260,000)	-	(2,260,000)
Redemption of shares	27	(1,964)	-	-	1,964	-	-	-	-	-
Share based payment		-	-	-	-	166,809	6,668	173,477	-	173,477
Acquisition of subsidiary		-	-	-	-	-	-	-	461,119	461,119
Purchase of shares in subsidiary from non-controlling interest		-	-	-	-	-	(157,003)	(157,003)	157,003	-
Equity component of future options		-	-	679,824	-	-	-	679,824	-	679,824
Balance at 31 December 2022		45,974	13,184,744	(1,966,134)	1,964	358,842	28,222,337	39,847,727	1,052,548	40,900,275

MZURI GROUP LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Option reserve £	Capital redemption reserve £	Share based payment reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2021		22,965	2,499,318	-	-	49,099	2,946,555	5,517,937
Profit and total comprehensive income for the year		-	-	-	-	-	9,169,961	9,169,961
Issue of share capital		24,184	6,469,156	-	-	-	-	6,493,340
Dividends	12	-	-	-	-	-	(3,750,642)	(3,750,642)
Share based payment		-	-	-	-	142,934	-	142,934
Equity component of future options		-	-	(2,645,958)	-	-	-	(2,645,958)
Balance at 31 December 2021		47,149	8,968,474	(2,645,958)	-	192,033	8,365,874	14,927,572
Period ended 31 December 2022:								
Profit and total comprehensive income for the year		-	-	-	-	-	(1,543,761)	(1,543,761)
Issue of share capital	27	789	4,216,270	-	-	-	-	4,217,059
Dividends	12	-	-	-	-	-	(2,260,000)	(2,260,000)
Redemption of shares	27	(1,964)	-	-	1,964	-	-	-
Share based payment		-	-	-	-	166,809	6,668	173,477
Equity component of future options		-	-	679,824	-	-	-	679,824
Balance at 31 December 2022		45,974	13,184,744	(1,966,134)	1,964	358,842	4,568,781	16,194,171

MZURI GROUP LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	29	278,850		5,826,948	
Interest paid		(1,557,607)		(855,929)	
Income taxes paid		(3,257,379)		(1,755,427)	
Net cash (outflow)/inflow from operating activities		(4,536,136)		3,215,592	
Investing activities					
Purchase of business		(590,341)	(18,854,000)		
Purchase of intangible assets		(892,334)	(608,976)		
Proceeds on disposal of intangibles		8,032	3,585		
Purchase of tangible fixed assets		(1,222,533)	(1,807,488)		
Proceeds on disposal of tangible fixed assets		1,061,079	241,971		
Proceeds from other investments and loans		(1,355,096)	-		
Interest received		218	231		
Net cash used in investing activities		(2,990,975)		(21,024,677)	
Financing activities					
Proceeds from issue of shares		4,217,059	422,175		
Proceeds from borrowings		5,000,000	9,982		
Repayment of borrowings		(58,131)	(1,394,200)		
Proceeds of new bank loans		-	24,000,000		
Repayment of bank loans		(219,206)	(991,287)		
Payment of finance leases obligations		(129,670)	(185,165)		
Purchase of shares in subsidiary from non-controlling interest		(461,120)	(269,413)		
Dividends paid to equity shareholders		(2,260,000)	(3,750,642)		
Net cash generated from financing activities		6,088,932		17,841,450	
Net (decrease)/increase in cash and cash equivalents		(1,438,179)		32,365	
Cash and cash equivalents at beginning of year		11,794,927		11,593,070	
Effect of foreign exchange rates		108,939		169,492	
Cash and cash equivalents at end of year		10,465,687		11,794,927	
Relating to:					
Cash at bank and in hand		11,008,250		11,794,927	
Bank overdrafts included in creditors payable within one year		(542,563)		-	

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Mzuri Group Ltd ("the company") is a private company limited by shares and is registered and incorporated in Northern Ireland. The registered office is 1 Ferguson Drive, Lisburn, County Antrim, BT28 2FL.

The group consists of Mzuri Group Ltd and all of its material subsidiaries.

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

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 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 33 'Related Party Disclosures' - Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Mzuri Group Ltd and all of its material subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). See note 16 for subsidiaries excluded from consolidation. Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Going concern

The directors continue to adopt the going concern basis of accounting in preparing the financial statements. In applying the going concern basis the directors have considered the impact of increased costs of raw materials and general inflationary pressures in the world wide economy on the Group and Company. The directors have prepared detailed cash flow forecasts for the period under assessment to July 2024. At the time of approving the financial statements, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the period of at least 12 months from the date of approval of the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods 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.

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 for wholesale and on date of order for internet sales), 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.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 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.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

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

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

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:

Software	33.33% straight line
Design costs	20-25% straight line
Website	20-25% straight line

Tangible fixed assets

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

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

Freehold buildings	2-6.67% straight line
Leasehold land and buildings	2% straight line
Leasehold improvements	Over the period of the lease
Plant and equipment	10-33% straight line
Fixtures and fittings	10 - 33% straight line
Computers	20 - 25% straight line
Motor vehicles	10-33% straight line

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

Fixed asset investments

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

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

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Cost is valued on a first in first out basis

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

Cash and cash equivalents

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

Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include trade and other debtors 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.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

Equity instruments

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

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Taxation

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

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

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

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

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

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Retirement benefits

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

Share-based payments

The company granted share options ("equity-settled share based payments") to certain group employees. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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.

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.

Foreign exchange

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

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

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

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

The 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Carrying value of stock

Stock represents goods for resale and is measured at the lower of cost and net realisable value. Net realisable value is estimated selling prices in ordinary course of business, less the estimated costs necessary to make the sale. Provision is made for obsolete and slow moving stock based on historical experience.

Recoverability of debtors

Estimates are made in respect of the recoverable value of trade and other debtors. When assessing the level of provisions required, factors including current trading experience, historical experience and the ageing profile of debtors are considered.

Share based payments

The company has issued share-based payments to certain group employees and directors. The cost of such awards is measured at fair-value at the date of grant and this expense is recognised on a straight-line basis over the vesting period. The determined fair value is a source of management estimation based on cost of recent share issues.

Fair value measurement of equity instruments

In determining the fair value of equity instruments that form part of consideration paid for acquisitions in the year external valuers used appropriate valuation techniques to value the share price. Estimates have been used on the application of an appropriate multiple to a performance measure.

Fair value of call options

At the balance sheet date the group holds call options to purchase an additional 40% of the share capital of I Seek Blinds Pty. Estimates have been used to project the future earnings of the company to determine the fair value of the liability for inclusion in the accounts at 31 December 2021 and 2022.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Sale of goods	157,077,010	156,947,477
E-commerce sales	36,074,464	38,239,509
Property sales	-	1,210,002
Sale of services	282,228	-
	<u>193,433,702</u>	<u>196,396,988</u>

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue (Continued)

	2022 £	2021 £
Other revenue		
Interest income	218	231
Grants received	7,404	283,884
	<u>7,622</u>	<u>284,115</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	131,998,298	139,818,869
Rest of European Union	54,559,664	46,097,631
Rest of World	6,875,740	10,480,488
	<u>193,433,702</u>	<u>196,396,988</u>

Grants recognised during the year include £nil (2021: £36,787) as part the Coronavirus Job Retention Scheme.

4 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Production	860	991	-	-
Selling and distribution	355	389	-	-
Administration	241	261	-	-
Maintenance	13	16	-	-
Total	<u>1,469</u>	<u>1,657</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	37,309,130	37,325,333	173,477	142,934
Social security costs	3,160,298	2,913,791	-	-
Pension costs	811,876	784,525	-	-
	<u>41,281,304</u>	<u>41,023,649</u>	<u>173,477</u>	<u>142,934</u>

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	641,622	707,353
Company pension contributions to defined contribution schemes	31,796	41,292
	<u>673,418</u>	<u>748,645</u>

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

	2022 £	2021 £
Remuneration for qualifying services	202,320	361,082
Company pension contributions to defined contribution schemes	5,208	17,417
	<u>207,528</u>	<u>378,499</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2021 - 4).

6 Share-based payment transactions

Under the option agreements, share options are granted at the exercise price. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves before they become entitled to exercise the share options.

Group and company	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 January 2022	456	315	498.31	475.00
Granted	-	141	-	550.38
Forfeited	(16)	-	550.38	-
	<u>440</u>	<u>456</u>	<u>496.41</u>	<u>498.31</u>
Outstanding at 31 December 2022	440	456	496.41	498.31
	<u>440</u>	<u>456</u>	<u>496.41</u>	<u>498.31</u>
Exercisable at 31 December 2022	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The options vest on an exit event.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

During the year, the company recognised total share based payment expenses of £173,477 (2021: £142,934) which related to equity settled share based payment transactions.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Share-based payment transactions (Continued)

	Group 2022 £	2021 £	Company 2022 £	2021 £
Expenses recognised in the year				
Arising from equity settled share based payment transactions	173,477	142,934	173,477	142,934

7 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	698,352	226,015
Research and development costs	645,586	894,354
Government grants	(7,404)	(283,884)
Depreciation of owned tangible fixed assets	2,081,589	1,771,237
Depreciation of tangible fixed assets held under finance leases	186,727	270,478
(Profit)/loss on disposal of tangible fixed assets	(468,236)	21,859
Amortisation of intangible assets	6,161,071	5,103,732
Loss on disposal of intangible assets	6,500	-
Share-based payments	173,477	142,934
Operating lease charges	2,156,030	1,069,179

8 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	24,325	12,500
Audit of the financial statements of the company's subsidiaries	234,475	202,200
	258,800	214,700
For other services		
Taxation compliance services	52,720	28,150
Other taxation services	5,375	61,070
All other non-audit services	123,145	93,394
	181,240	182,614

9 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	218	231

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	1,039,689	391,120
Interest on invoice finance arrangements	-	5,927
Interest payable to group undertakings	-	24,216
Other interest on financial liabilities	510,098	416,422
Interest on finance leases and hire purchase contracts	7,570	17,028
Other interest	250	168
Total finance costs	<u>1,557,607</u>	<u>854,881</u>

11 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	1,842,303	2,803,996
Adjustments in respect of prior periods	(5,344)	(26,025)
Other tax reliefs	(83,926)	(116,266)
Total UK current tax	<u>1,753,033</u>	<u>2,661,705</u>
Foreign current tax on profits for the current period	<u>269,691</u>	<u>210,873</u>
Total current tax	<u>2,022,724</u>	<u>2,872,578</u>
Deferred tax		
Origination and reversal of timing differences	(78,506)	164,051
Changes in tax rates	-	117,905
Previously unrecognised tax loss, tax credit or timing difference	-	(27,091)
Adjustment in respect of prior periods	-	(36,196)
Other adjustments	-	(4,740)
Total deferred tax	<u>(78,506)</u>	<u>213,929</u>
Total tax charge	<u>1,944,218</u>	<u>3,086,507</u>

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Taxation (Continued)

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

	2022 £	2021 £
Profit before taxation	91,470	8,997,632
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	17,379	1,709,550
Tax effect of expenses that are not deductible in determining taxable profit	323,473	195,622
Change in unrecognised deferred tax assets	-	(21,087)
Adjustments in respect of prior years	370,937	(26,025)
Amortisation on assets not qualifying for tax allowances	1,073,495	919,138
Research and development tax credit	(67,980)	(102,324)
Effect of overseas tax rates	240,294	216,648
Under/(over) provided in prior years	-	1,171
Deferred tax adjustments in respect of prior years	-	(34,471)
Fixed asset differences	(38,146)	(50,702)
Adjust deferred tax to average rate	(25,732)	147,887
Other adjustments	50,498	6,523
Adjustment for acquired subsidiaries	-	124,577
Taxation charge	1,944,218	3,086,507

12 Dividends

	2022 £	2021 £
Final paid	2,260,000	3,750,642

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Intangible fixed assets

Group	Goodwill £	Software £	Design costs £	Website £	Total £
Cost					
At 1 January 2022	58,163,308	311,949	17,899	1,234,856	59,728,012
Additions - separately acquired	-	61,416	1,244	829,674	892,334
Additions - business combinations	2,846,375	-	-	-	2,846,375
Disposals	-	(20,981)	(5,311)	(178,862)	(205,154)
Exchange adjustments	7,375	(31,974)	532	22,508	(1,559)
Other changes	(2,147,381)	-	-	-	(2,147,381)
At 31 December 2022	58,869,677	320,410	14,364	1,908,176	61,112,627
Amortisation and impairment					
At 1 January 2022	5,874,042	109,739	8,784	315,217	6,307,782
Amortisation charged for the year	5,673,015	83,842	7,435	396,779	6,161,071
Disposals	-	(20,978)	(5,311)	(164,333)	(190,622)
Exchange adjustments	1,150	(29,939)	532	5,011	(23,246)
At 31 December 2022	11,548,207	142,664	11,440	552,674	12,254,985
Carrying amount					
At 31 December 2022	47,321,470	177,746	2,924	1,355,502	48,857,642
At 31 December 2021	52,289,266	202,210	9,115	919,639	53,420,230

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Tangible fixed assets

Group	Freehold buildings	Leasehold land and buildings	Leasehold improvements	Assets under construction	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£	£	£
Cost									
At 1 January 2022	7,132,824	38,889	39,232	270,355	5,686,728	5,177,598	17,057	367,221	18,729,904
Additions	14,392	-	6,771	-	579,993	537,845	24,056	59,476	1,222,533
Business combinations	-	-	-	-	69,299	-	5,278	26,351	100,928
Disposals	(406,272)	(14,761)	-	(275,121)	-	(47,277)	(10,519)	(13,450)	(767,400)
Exchange adjustments	28,536	-	-	14,080	59,385	25,661	2,924	34,216	164,802
At 31 December 2022	6,769,480	24,128	46,003	9,314	6,395,405	5,693,827	38,796	473,814	19,450,767
Depreciation and impairment									
At 1 January 2022	1,716,123	16,020	3,839	-	3,157,492	2,762,499	(8,818)	172,563	7,819,718
Depreciation charged in the year	166,337	7,849	7,088	-	893,488	1,078,880	17,077	97,597	2,268,316
Eliminated in respect of disposals	(138,767)	(6,895)	-	-	(5,763)	(16,305)	(5,869)	(958)	(174,557)
Exchange adjustments	12,914	-	-	-	18,780	(17,798)	2,941	19,671	36,508
At 31 December 2022	1,756,607	16,974	10,927	-	4,063,997	3,807,276	5,331	288,873	9,949,985
Carrying amount									
At 31 December 2022	5,012,873	7,154	35,076	9,314	2,331,408	1,886,551	33,465	184,941	9,500,782
At 31 December 2021	5,416,701	22,869	35,393	270,355	2,529,236	2,415,099	25,875	194,658	10,910,186

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and equipment	134,516	232,198	-	-
Fixtures and fittings	9,174	14,978	-	-
Motor vehicles	71,882	112,944	-	-
Computers	18,925	61,101	-	-
	<u>234,497</u>	<u>421,221</u>	<u>-</u>	<u>-</u>

15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	68,397,394	66,557,686

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2022	66,557,686
Additions	3,374,915
Other movements	(1,535,207)
At 31 December 2022	<u>68,397,394</u>
Carrying amount	
At 31 December 2022	<u>68,397,394</u>
At 31 December 2021	<u>66,557,686</u>

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Decora Blind Systems Limited	1 Ferguson Drive, Lisburn, Co. Antrim BT28 2FL	Blind Manufacturing	Ordinary	100	0
Alternative Project Ltd	1 Ferguson Drive, Lisburn, Co. Antrim BT28 2FL	Property Development	Ordinary	0	90
UAB "Domus Lumina"	Raudondvario pl. 150, Kaunas, LT-47174, Lithuania	Blind Manufacturing	Ordinary	100	0
SIA "Zaluziju eksperti"	Maza Nometnu Street 45A, Riga, Latvia LV-1002	Retail of blinds	Ordinary	0	100
UAB "Langdena"	Vinvyčiu sk. 5, Kaunas, Lithuania	Retail of blinds	Ordinary	0	100
Maxgardiner Norden AB	Koldalsvagen 9, 132 41 Saltsjö-Boo, Sweden	E-commerce	Ordinary	100	0
Swift Direct Blinds	177 Lockwood Road, Huddersfield, HD1 3TG	E-commerce	Ordinary	100	0
Beukers Vastgoed B.V.	Dulleweg 4, 1721CT, Broek op Langedijk	Holding company	Ordinary	100	0
Beukers Handel B.V.	Dulleweg 4, 1721CT, Broek op Langedijk	E-commerce	Ordinary	0	100
Estores Mzuri Ltd	1 Ferguson Drive, Lisburn, Co. Antrim BT28 2FL	Holding company	Ordinary	100	0
Estores Mzurigroup S.L.	CL Entenca 325 335 1 Planta, Barcelona	E-commerce	Ordinary	0	100
Stores Mzuri Ltd	1 Ferguson Drive, Lisburn, Co. Antrim BT28 2FL	Holding company	Ordinary	100	0
Stores Mzuri SAS	26 Rue Cambaceres 75008 Paris	E-commerce	Ordinary	0	100
TCMM Shutter Group Limited	Quayside House, Basin Road South, Hove, East Sussex, BN41 1WF	Holding company	Ordinary	100	0

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Subsidiaries (Continued)

Shutterly Fabulous Limited	Quayside House, Dormant entity Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
The California Shutter Company Limited	Quayside House, Dormant entity Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
The California Shutter and Blind Company Limited	Quayside House, Dormant entity Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
Neptune Shutters Limited	Quayside House, Dormant entity Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
Shutterly Fabulous Retail Limited	Quayside House, Retail of shutters Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
Shutter Installation Services Limited	162-164 High Street, Rayleigh, Essex, England, SS6 7BS	Dormant entity Ordinary	0	100
Do it Yourself Shutters Limited	Quayside House, E-commerce Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
JL Shutters Limited	Quayside House, Retail of shutters Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
Trade Shutters Wholesale Limited	Quayside House, Retail of shutters Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
California Shutters Limited	Quayside House, E-commerce Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
The Shutter Store Limited	Quayside House, E-commerce Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Subsidiaries (Continued)

TCMM International Limited	Quayside House, Dormant entity Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	0	100
The Shutter Store	6000 S. Eastern E-commerce Ave, STE 1A, Las Vegas, NV89119	Ordinary	0	100
Purely Shutters Limited	Quayside House, Retail of shutters Basin Road South, Hove, East Sussex, BN41 1WF	Ordinary	100	0
Tropical Blinds Limited	Units 6 & 7 Five Manufacturing Arches, Business Estate Off Maidstone, Road Sidcup, Kent, BA14 5AQ	Ordinary	100	0
Make my Blinds Limited	Subway Store E-commerce Development, Fourth Way, Bristol, United Kingdom, BS11 8DL	Ordinary	100	0
I Seek Blinds Pty. Ltd.	49 Lakeside E-commerce Drive, Broadmeadows, VIC 3047, Melbourne, Australia	Ordinary	20	0
Avaeta Limited	1 Ferguson Dormant entity Drive, Lisburn, Co. Antrim BT28 2FL	Ordinary	100	0
Pekuva Beheer B.V.	Goudenheuvel Retail of components 447, 5234 GA 's- Hertogenbosch, The Netherlands	Ordinary	100	0
Vako B.V.	Goudenheuvel Retail of components 447, 5234 GA 's- Hertogenbosch, The Netherlands	Ordinary	0	100
Vako Textiles B.V.	Goudenheuvel Retail of components 447, 5234 GA 's- Hertogenbosch, The Netherlands	Ordinary	0	100
Domicet OY	Rahkasammalee Retail of components nkatu 6, 20780 Kaarina, Finland	Ordinary	0	100
Vako US LLC	6844 Schneider Retail of components Rd. Unit B, 53562 Middleton, Wisconsin, Unites States	Ordinary	0	100

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Subsidiaries (Continued)

Ascend Digital Solutions	4 Dutton Drive, Lancaster, England, LA1 3FS	Retail of software	Ordinary	100	0
Gardin Lis	Neptunvej 16, 8960 Randers, Denmark	Retail of blinds	Ordinary	51	0

For the year ended 31 December 2022, the following UK trading subsidiaries are entitled to exemption from audit under Section 479A of the Companies Act 2006:

Purely Shutters Limited (07255833)
Stores Mzuri Ltd (NI675177)
Estores Mzuri Ltd (NI675180)
Ascend Digital Solutions Ltd (12505645)

SIA "Zaluziju eksperti" and UAB "Langdena" have been excluded from consolidation as their inclusion is not material (both in quantitative and qualitative terms) to giving a true and fair view when considered together. The aggregate capital and reserves and result for the year are as follows:

	Net liabilities	Profit for the year
	£	£
SAI "Zaluziju eksperti"	(71,995)	-
UAB "Langdena"	(30,162)	-

17 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	1,013,271	899,403	-	-
Work in progress	979,632	1,486,534	-	-
Finished goods and goods for resale	28,394,127	28,406,861	-	-
Goods in transit	398,827	2,797,781	-	-
	<u>30,785,857</u>	<u>33,590,579</u>	<u>-</u>	<u>-</u>

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

18 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	15,245,738	15,088,169	27,726	-
Corporation tax recoverable	697,670	297	-	-
Amounts owed by group undertakings	-	-	3,442,920	928,791
Other debtors	4,438,673	2,613,267	3,602,065	482,986
Prepayments and accrued income	3,412,387	3,572,556	127,146	-
	<u>23,794,468</u>	<u>21,274,289</u>	<u>7,199,857</u>	<u>1,411,777</u>
Deferred tax asset (note 24)	62,392	7,425	-	-
	<u>23,856,860</u>	<u>21,281,714</u>	<u>7,199,857</u>	<u>1,411,777</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 24)	-	31,639	-	-
	<u>-</u>	<u>31,639</u>	<u>-</u>	<u>-</u>
Total debtors	<u>23,856,860</u>	<u>21,313,353</u>	<u>7,199,857</u>	<u>1,411,777</u>

19 Creditors: amounts falling due within one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Bank loans and overdrafts	21	3,653,004	2,328,987	398,132	-
Obligations under finance leases	22	106,032	124,148	-	-
Trade creditors		10,875,854	10,970,872	359,654	234,529
Amounts owed to group undertakings		-	-	14,719,394	5,544,343
Corporation tax payable		1,332,916	2,308,500	455,625	-
Other taxation and social security		4,600,147	6,786,548	-	-
Other creditors		10,963,900	17,915,412	6,955,235	13,926,428
Accruals and deferred income		13,917,804	15,850,069	1,298,375	969,608
		<u>45,449,657</u>	<u>56,284,536</u>	<u>24,186,415</u>	<u>20,674,908</u>

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	21	23,134,936	24,135,596	23,000,000	24,000,000
Obligations under finance leases	22	139,356	250,910	-	-
Other borrowings	21	7,451,851	2,509,982	7,451,851	2,509,982
Derivative financial instruments		850,202	-	-	-
Government grants	25	254,888	262,292	-	-
Other creditors		4,764,814	7,666,288	4,764,814	7,666,288
		<u>36,596,047</u>	<u>34,825,068</u>	<u>35,216,665</u>	<u>34,176,270</u>

21 Borrowings

		Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans		26,245,377	26,464,583	23,000,000	24,000,000
Bank overdrafts		542,563	-	398,132	-
Loans from related parties		7,451,851	2,509,982	7,451,851	2,509,982
		<u>34,239,791</u>	<u>28,974,565</u>	<u>30,849,983</u>	<u>26,509,982</u>
Payable within one year		3,653,004	2,328,987	398,132	-
Payable after one year		<u>30,586,787</u>	<u>26,645,578</u>	<u>30,451,851</u>	<u>26,509,982</u>

The long-term loans are secured by fixed and floating charges over the assets of the Group and Company.

22 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Less than one year	106,032	124,148	-	-
Between one and five years	139,356	250,910	-	-
	<u>245,388</u>	<u>375,058</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group 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.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	850,202	-	-	-

The Group uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cash flows.

The contracts are valued based on available market data. The Group does not adopt hedge accounting for forward exchange contracts, consequently, fair value gains and losses are recognised in profit or loss.

24 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	1,090,504	707,379	62,392	39,064
Tax losses	(27,092)	(27,091)	-	-
	<u>1,063,412</u>	<u>680,288</u>	<u>62,392</u>	<u>39,064</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	641,224	-
Charge to profit or loss	359,796	-
Liability at 31 December 2022	<u>1,001,020</u>	<u>-</u>

25 Government grants

	Group 2022 £	2021 £	Company 2022 £	2021 £
Arising from government grants	<u>254,888</u>	<u>262,292</u>	<u>-</u>	<u>-</u>

Capital grants of £7,404 (2021: £7,404) have been released in the year. There are no unfulfilled conditions attaching to grants that have been recognised in income.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

26 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	811,876	784,525

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

27 Share capital

	Group and Company			
	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	7,056	13,124	7,056	13,124
A Ordinary shares of £1 each	2,046	2,046	2,046	2,046
A2 Ordinary shares of £1 each	520	-	520	-
B Ordinary shares of £1 each	4,830	4,830	4,830	4,830
B1 Ordinary shares of £1 each	5,548	-	5,548	-
C Ordinary shares of £1 each	2,178	2,178	2,178	2,178
D Ordinary shares of £1 each	105	105	105	105
E Ordinary shares of £1 each	743	489	743	489
F Ordinary shares of £1 each	70	70	70	70
G Ordinary shares of £1 each	10,000	10,000	10,000	10,000
H Ordinary shares of £1 each	8,036	10,000	8,036	10,000
I Ordinary shares of £1 each	3,000	3,000	3,000	3,000
J Ordinary shares of £1 each	470	274	470	274
K Ordinary shares of £1 each	351	351	351	351
L Ordinary shares of £1 each	273	-	273	-
O Ordinary shares of £1 each	66	-	66	-
	<u>45,292</u>	<u>46,467</u>	<u>45,292</u>	<u>46,467</u>
	2022	2021	2022	2021
	Number	Number	£	£
Preference share capital				
Issued and fully paid				
Preference shares of £1 each	682	682	682	682
	<u>682</u>	<u>682</u>	<u>682</u>	<u>682</u>
Preference shares classified as equity			682	682
			<u>682</u>	<u>682</u>
Total equity share capital			<u>45,974</u>	<u>47,149</u>

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

27 Share capital (Continued)

The holders of ordinary shares shall have the right to receive notice of and attend and vote and speak at any general meeting of the company and shall be entitled to vote on any written resolution of the company. The holders of ordinary shares shall in certain circumstances be entitled to receive the annual dividend. Rights to participate on an exit in accordance with the articles.

The holders of A ordinary shares shall have the right to receive notice of and attend and vote and speak at any general meeting of the company and shall be entitled to vote on any written resolution of the company. The holders of A ordinary shares be entitled to receive, in priority to the holders of ordinary shares save in respect of the B share dividend, the long term dividend. The holders of A ordinary shares shall in certain circumstances be entitled to receive the annual dividend. Rights to participate on an exit in accordance with the Articles.

The holders of A2 ordinary shares shall have the right to receive notice of and attend and vote and speak at any general meeting of the company and shall be entitled to vote on any written resolution of the company. The holders of A2 ordinary shares as one class shall be entitled to receive, in priority to the holders of the ordinary shares, save in respect of the B share dividend, the A2 long term dividend. The holders of the A ordinary shares shall be entitled in certain circumstances to receive the annual dividend. Rights to participate on an exit in accordance with the articles.

Holders of B ordinary shares shall have the right to receive notice of and attend and vote and speak at any general meeting of the company and shall be entitled to vote on any written resolution of the company. The holders of the B ordinary shares shall be entitled to receive in priority to the holders of the all the ordinary shares, the A ordinary shares and A2 ordinary shares, the B share dividend. The holders of B ordinary shares shall be entitled in certain circumstances to receive the annual dividend.

Holders of B1 ordinary shares shall have the right to receive notice of and attend and vote and speak at any general meeting of the company and shall be entitled to vote on any written resolution of the company. The holders of B1 ordinary shares shall be entitled to receive, in priority to the holders of all the ordinary shares, A ordinary shares and A2 ordinary shares, the B1 share dividend. Rights to participate on an exit in accordance with the articles.

The holders of C ordinary shares shall not be entitled to attend and vote or speak at any general meeting of the company and shall not be entitled to vote on any written resolution of the company. The holders of the C ordinary shares shall have no entitlement to receive dividends. Rights to participation on an exit in accordance with the articles.

The holders of D ordinary shares shall not be entitled to attend and vote or speak at any general meeting of the company and shall not be entitled to vote on any written resolution of the company. The holders of the D ordinary shares shall have no entitlement to receive dividends in respect of those D ordinary shares. Rights to participate on an in exit in accordance with the articles.

The holders of E ordinary shares shall not be entitled to attend and vote or speak at any general meeting of the company and shall not be entitled to vote on any written resolution of the company. The holders of the E ordinary shares shall have no entitlement to receive dividends. Rights to participate on an in exit in accordance with the articles.

The holders of the F ordinary shares shall not be entitled to attend and vote or speak at any general meeting of the company and shall not be entitled to vote on any written resolution of the company. The holders of the F ordinary shares shall have no entitlement to received dividends. Rights to participate on an exit in accordance with the articles.

The holders of the G ordinary shares shall have no rights to receive dividends or attend meetings of the shareholders. Rights to participate on an exit in accordance with the Articles.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

27 Share capital (Continued)

The holders of the H ordinary shares shall have no rights to received dividends or attend meetings of the shareholders. Rights to participate on an exit in accordance with the Articles.

The holders of the I ordinary shares shall have no rights to received dividends or attend meetings of the shareholders. Rights to participate on an exit in accordance with the Articles.

The holders of the J ordinary shares shall have no rights to vote or receive dividends. Each share shall rank pari passu with the ordinary shares of the company on an exit.

The holders of K ordinary shares have no rights to vote or attend meetings of the shareholder. Rights to participate on an exit in accordance with the articles. In certain circumstance the holders of K ordinary shares shall be entitled to receive the K share discretionary dividend.

The holders of the L ordinary shares shall have the right to receive dividends and to vote and attend meetings of the shareholders, they shall have right to participate on an exit in accordance with the articles. In certain circumstances the holders of the L shares will have the right to receive dividend.

The holders of the O ordinary shares shall have no rights to receive dividends or vote or attend meetings of the shareholders. They have the right to participate on an exit in accordance with the articles.

The holders of preference shares shall have the right to receive notice of and attend and vote and speak at any general meeting of the company and shall be entitled to vote on any written resolution of the company. The holders of the preference shares shall be entitled to receive the preference share dividend and adjusted subsequent preference share dividend on an exit where exit proceeds are equal to or less than the A ordinary threshold, the holders of the preference shares shall be entitled to the preference share amount.

During the year 6,068 Ordinary shares were reclassified as 520 A2 Ordinary shares and 5,548 B1 ordinary shares.

During the year the following shares were issued:

254 E ordinary shares with a nominal value of £1 were issued for cash consideration of £1,401,944

126 J ordinary shares with a nominal value of £1 were issued for cash consideration of £1,165,045

273 L ordinary shares with a nominal value of £1 were issued for cash consideration of £1,000,000

66 O ordinary shares with a nominal value of £1 were issued for cash consideration of £650,000

The company bought back 1,964 shares on 16 June 2022 for £1,964 and subsequently cancelled the shares.

28 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased.

Share based payment reserve

The cumulative share based payment expense.

Option reserve

The option reserve relates to the fair value of the liability that the company has committed to at the balance sheet date for exercising future share purchase options.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

28 Reserves (Continued)

Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

29 Cash generated from group operations

	2022 £	2021 £
(Loss)/profit for the year after tax	(1,852,748)	5,911,125
Adjustments for:		
Taxation charged	1,944,218	3,086,507
Finance costs	1,557,607	854,881
Investment income	(218)	(231)
(Gain)/loss on disposal of tangible fixed assets	(468,236)	21,859
Loss on disposal of intangible assets	6,500	-
Fair value loss on foreign exchange contracts	850,202	-
Amortisation and impairment of intangible assets	6,161,071	5,103,732
Depreciation and impairment of tangible fixed assets	2,268,316	2,041,715
Equity settled share based payment expense	173,477	142,934
Movements in working capital:		
Decrease/(increase) in stocks	3,129,419	(7,816,845)
Decrease/(increase) in debtors	758,669	(2,875,892)
Decrease in creditors	(14,242,023)	(474,157)
Decrease in deferred income	(7,404)	(168,680)
Cash generated from operations	278,850	5,826,948

30 Analysis of changes in net debt - group

	1 January 2022 £	Cash flows £	Exchange rate movements £	31 December 2022 £
Cash at bank and in hand	11,794,927	(879,217)	92,540	11,008,250
Bank overdrafts	-	(542,563)	-	(542,563)
	11,794,927	(1,421,780)	92,540	10,465,687
Borrowings excluding overdrafts	(28,974,565)	(4,722,663)	-	(33,697,228)
Obligations under finance leases	(375,058)	129,670	-	(245,388)
	(17,554,696)	(6,014,773)	92,540	(23,476,929)

31 Contingent liabilities

The group has received financial assistance from Invest Northern Ireland. There exists a contingent liability to repay all of the financial assistance received under this agreement if a default occurs under the terms and conditions. There has not been, nor is there expected to be, a breach of the terms and conditions.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

32 Operating lease commitments

Lessee

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

	Group 2022	2021 as restated	Company 2022	2021
	£	£	£	£
Within one year	1,433,502	1,055,053	-	-
Between one and five years	3,088,722	2,965,237	-	-
In over five years	252,622	575,808	-	-
	<u>4,774,846</u>	<u>4,596,098</u>	<u>-</u>	<u>-</u>

The comparative disclosure has been restated due to operating leases being excluded in error in the prior year.

33 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2022 £	2021 £
Aggregate compensation	<u>673,418</u>	<u>698,646</u>

Transactions with related parties

The company has taken advantage of the exemptions under section 33 1A of FRS 102 not to disclose transactions with wholly owned group companies.

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

	Sales 2022 £	2021 £	Purchases 2022 £	2021 £
Group				
Entities over which the group has control, joint control or significant influence	<u>119,270</u>	<u>165,725</u>	<u>-</u>	<u>(407,572)</u>
	Payments 2022 £	2021 £	Recharges 2022 £	2021 £
Group				
Entities over which the entity has control, joint control or significant influence	<u>121,019</u>	<u>529,804</u>	<u>(12,991)</u>	<u>(948,528)</u>

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

33 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £	2021 £
Group		
Entities over which the group has control, joint control or significant influence	254,383	267,374
	<u> </u>	<u> </u>

There were no amounts outstanding at the reporting end date.

Amounts due from related parties	2022 Balance £	2021 Balance £
Group		
Entities over which the group has control, joint control or significant influence	-	13,716
	<u> </u>	<u> </u>

Other information

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

34 Business combinations

During the year the group acquired a number of new subsidiaries. Details of the total assets and liabilities acquired from the new subsidiaries are set out below.

	Fair Value £
Intangible fixed assets	33,324
Tangible fixed assets	100,928
Stock	324,697
Trade and other receivables	1,226,380
Cash and cash equivalents	192,832
Trade and other payables	(855,178)
	<hr/>
Total identifiable net assets	1,022,983
Non-controlling interests	(461,119)
Goodwill	2,813,051
	<hr/>
	3,374,915
	<hr/> <hr/>
Satisfied by:	£
Cash	664,811
Equity instruments	1,815,045
Deferred consideration	776,697
Acquisition related costs	118,362
	<hr/>
	3,374,915
	<hr/> <hr/>

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the distribution of the company's products in new markets and the future operating synergies from the combination. The goodwill arising on acquisition of £2,813,051 is considered to have a useful life of 10 years.

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

34 Business combinations (Continued)

The new subsidiaries are listed below in date order:

- (i) On 3 May 2022 the group acquired 100% of the issued share capital of Ascend Digital Solutions Limited. The company is incorporated in England and is involved in IT consultancy work. In the 8 months to 31 December 2022, the business contributed turnover of £282,228 and net profit of £12,364 to the consolidated net profit for the year. Details of assets and liabilities acquired are set out below:

	Fair Value £
Tangible assets	5,278
Trade and other receivables	26,021
Cash and cash equivalents	110,052
Trade and other payables	(59,427)
	<hr/>
Total identifiable net assets	81,924
Goodwill	586,438
	<hr/>
	668,362
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	<hr/>
Satisfied by:	£
Equity instruments	650,000
Acquisition related costs	18,362
	<hr/>
	668,362
	<hr/>
	<hr/>

MZURI GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

34 Business combinations (Continued)

- (ii) On 11 November 2022 the group acquired 51% of the issued share capital of Gardin Lis. The company is incorporated in Denmark and involved in the blind retail market. In the 2 months to 31 December 2022, the subsidiary contributed turnover of £911,571 and net loss of £77,748 to the consolidated net profit for the year. Details of assets and liabilities acquired are set out below:

	Fair Value £
Intangible assets	33,324
Tangible assets	95,650
Stock	324,697
Trade and other receivables	1,200,360
Cash and cash equivalents	82,781
Trade and other payables	(795,752)
	<hr/>
Total identifiable net assets	941,060
Non-controlling interests	(461,119)
Goodwill	2,226,612
	<hr/>
	2,706,553
	<hr/>
Satisfied by:	£
Cash	664,811
Deferred consideration	776,697
Equity instruments	1,165,045
Acquisition related costs	100,000
	<hr/>
	2,706,553
	<hr/>