

Company Registration No. 08563107 (England and Wales)

FLOWERLINE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

FLOWERLINE LIMITED

COMPANY INFORMATION

Directors	J C Ridgard J A Miskell S D Crowther C Miskell
Company number	08563107
Registered office	Burma House, Burma Industrial Estate Burma Road Blidworth Mansfield Nottinghamshire NG21 0RT
Auditor	Afford Bond Holdings Limited 31 Wellington Road Nantwich Cheshire CW5 7ED
Business address	Burma Industrial Estate Gilbert Way Blidworth Mansfield Nottinghamshire NG21 0RX
Bankers	Barclays Bank PLC Crewe Branch 38 Market Street Crewe Cheshire CW1 2ET

FLOWERLINE LIMITED

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FLOWERLINE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2021

The directors present the strategic report for the year ended 31 July 2021.

Fair review of the business

The directors are pleased to report the company has performed well during the year with significant growth in turnover compared to 2020.

They consider that the key accounting indicators, which best reflect the financial performance and position of the company during the year, are turnover, net assets and average number of employees. Turnover has increased by 98.9% to £23,480,473 (2020: £11,802,718). Net assets have increased by 186.8% to £3,797,521 (2020: £1,324,303). The average number of employees has increased to 93 (2020: 74). The company has performed strongly despite the negative impact of Covid-19 on the UK economy.

Principal risks and uncertainties

The company has exposure to the general risks and uncertainties over the state of the economy as a whole and the specific external pressures facing the non-essential retail sector which may impact upon the performance of the business from time to time. Overall levels of customer confidence and disposable income are important areas for us to monitor as they affect the trade of our immediate retail customers which has a knock-on effect on our operational performance.

The impact of the Coronavirus pandemic has been challenging in several areas such as the additional unplanned investment required in implementing COVID-19 secure measures to enable trading to continue safely, staffing issues caused by illness and self-isolation as well as a similar sort of impact that the pandemic has had on our customers and suppliers. The financial support measures introduced by the Government have assisted us with our cash flows and working capital requirements.

There has been a lot of additional bureaucracy required in respect of importing goods, following Brexit, for which we have had to appoint an import agent to assist us with. Costs incurred in respect of import duty, taxes and tariffs have drastically increased this year, along with the additional administrative charges to deal with this area. A review of our sales prices had to be undertaken to assess whether some of these additional operational costs could be able to be passed on to our customers.

The directors use timely management accounts information and budgeting and forecasting techniques to help to mitigate, as far as possible, all known risks and allow for an adequate level of resources to deal with any unknown risks which may arise. Tight financial controls and the availability of a few different sources of funding, along with the close day-to-day involvement of the directors, helps the company to minimise our liquidity risks.

Development and performance

The directors are aware that the planned responses required to the principal risks and uncertainties mentioned above, including unforeseen events outside of their control, can necessitate their plans for growth and future development to change at short notice. Although short term plans may have to be delayed or altered, the medium to long term plans can largely remain on course.

Our improved performance is reflected in the profit and loss account and associated notes, with the headline figures noted above in the fair review of the business and an analysis of key performance indicators noted below. The directors are looking to build upon their recent success and continue to grow the company over the coming years. During the year, the company acquired a nearby warehouse premises to facilitate a large expansion in the business operations to meet the ever growing demand. A significant capital outlay programme undertaken this year and continuing into next year will put the company in a strong position for further growth as the operational capacity will have greatly increased. This improved position is reflected in the balance sheet and associated notes.

FLOWERLINE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

Key performance indicators

In addition to the comments noted on page 1, the directors consider the main key performance indicators (% and ratios) to be profitability, liquidity and return on capital. Profitability, calculated as profit after tax over turnover, has almost doubled from last year to this year, now being at 13.94% (2020: 7.69%). Liquidity, calculated as current assets over current liabilities, has improved to be 1.27 (2020: 1.15). Return on capital, calculated as profit after tax over net assets, has grown to 86.19% (2020: 68.56%). All of these indicators demonstrate the great success of the company this year.

Summary

The directors are pleased with the performance and financial position of the company and consider that with continued investment in its operational capabilities and staff it is well placed to grow and prosper in the future.

On behalf of the board

J C Ridgard

Director

21 March 2022

FLOWERLINE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

The directors present their annual report and financial statements for the year ended 31 July 2021.

Principal activities

The principal activity of the company continued to be that of a flowers and gifts wholesaler.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £800,000. 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 C Ridgard
J A Miskell
S D Crowther
C Miskell

Financial instruments

Financial instruments

The company uses management accounts, budgeting and forecasting techniques to manage the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments used are basic financial instruments, as there are minimal currency risks and interest rate risks arising from the company's activities, with bank overdrafts and loan facilities available, the main purpose of which is to raise finance for the company's operations. The company has various financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company tries to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. The foreign exchange rate variance amount in the profit and loss account is monitored each year to determine the requirement for any intervention regarding managing the outcomes of this risk.

Credit risk

Investments of cash surpluses, borrowings and other financing options are made through banks and companies which must fulfil credit rating criteria approved by the board of directors.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

FLOWERLINE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

Future developments

The directors plan to build upon their recent success and continue to grow the company over the coming years. During the year, the company acquired a nearby warehouse premises to facilitate a large expansion in the business operations to meet the ever growing demand. A significant capital outlay programme undertaken this year and continuing into next year will put the company in a strong position for further growth as the operational capacity will have greatly increased.

Auditor

Afford Bond Holdings Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Statement 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, the directors individually have taken all the necessary steps that they ought to have taken as directors 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 C Ridgard
Director

21 March 2022

FLOWERLINE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLOWERLINE LIMITED

Opinion

We have audited the financial statements of Flowerline Limited (the 'company') for the year ended 31 July 2021 which comprise the statement of income and retained earnings, the balance sheet, the 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 company's affairs as at 31 July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 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.

FLOWERLINE LIMITED

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 company or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Our assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, is based on ICAEW guidance relating to reporting on irregularities, November 2020, based on ISA 700 A39-1 to A39-5. An understanding of the significance of irregularities in the context of the financial statements as a whole is required for our assessment. Whilst considering how our audit work addresses the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error. We obtain an understanding of the entity's risk assessment process, including the risk of fraud, as part of our work on the entity's systems and controls. Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The laws and regulations identified as being of significance in the context of the entity are those considered to form part of United Kingdom Generally Accepted Accounting Practice. An understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework is necessary for our assessment and requires an understanding of the entity's policies and procedures on compliance with laws and regulations, including documentation of any instances of non-compliance.

FLOWERLINE LIMITED

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

Walkthrough testing is carried out on the recorded systems notes to check that the controls operate as stated and contain sufficient levels of supervision. Segregation of duties should be commensurate with the size of the entity. Analytical procedures are used to review the client's data for unusual entries, highlighting those transactions requiring further explanations as to the reasons for such variations arising. This also includes the identification and testing of unexpected journal entries to judge their appropriateness. Evaluation of the assumptions and judgements used by management within significant accounting estimates is undertaken to assess if these indicate evidence of potential management bias occurring. Detailed testing is carried out in respect of significant transactions. An evaluation is done of the business rationale behind any amounts which appear unusual or outside the company's normal course of business. The financial statements are then reviewed with relevant disclosures tested against supporting underlying documentation, as applicable.

Matters about non-compliance with laws and regulations and fraud are communicated with the engagement team, who are assessed as having the appropriate competence and capabilities to identify any potential issues regarding non-compliance in order to conduct their work effectively on the assignment. Communication of relevant matters to all members of the audit team is necessary to ensure that they understand the particular risks specific to the entity, in order that the audit procedures are planned appropriately to mitigate against these identified risks.

Audit response to risks identified

Our audit response will depend on the risks identified but may include:

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business including reviewing accounting estimates for bias.

A further description of our responsibilities is available 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.

David Bailey BA(Econ) FCA (Senior Statutory Auditor)
For and on behalf of Afford Bond Holdings Limited

21 March 2022

Chartered Accountants
Statutory Auditor

31 Wellington Road
Nantwich
Cheshire
CW5 7ED

FLOWERLINE LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	2020 £
Turnover	3	23,480,473	11,802,718
Cost of sales		(18,306,816)	(10,014,646)
Gross profit		5,173,657	1,788,072
Administrative expenses		(1,165,621)	(747,640)
Other operating income		25,128	107,992
Operating profit	4	4,033,164	1,148,424
Interest receivable and similar income	7	143	4
Interest payable and similar expenses	8	(28,414)	(13,720)
Profit before taxation		4,004,893	1,134,708
Tax on profit	9	(731,675)	(226,818)
Profit for the financial year		3,273,218	907,890
Retained earnings brought forward		1,324,103	416,213
Dividends	10	(800,000)	-
Retained earnings carried forward		3,797,321	1,324,103

FLOWERLINE LIMITED

BALANCE SHEET

AS AT 31 JULY 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	11		-		-
Tangible assets	12		4,257,447		1,354,121
Current assets					
Stocks	14	703,066		549,874	
Debtors	15	488,371		369,031	
Cash at bank and in hand		1,525,371		2,128,340	
		<u>2,716,808</u>		<u>3,047,245</u>	
Creditors: amounts falling due within one year	16	<u>(2,145,753)</u>		<u>(2,642,657)</u>	
Net current assets			571,055		404,588
Total assets less current liabilities			4,828,502		1,758,709
Creditors: amounts falling due after more than one year	18		(760,481)		(370,206)
Provisions for liabilities					
Deferred tax liability	20	<u>270,500</u>		<u>64,200</u>	
			(270,500)		(64,200)
Net assets			<u>3,797,521</u>		<u>1,324,303</u>
Capital and reserves					
Called up share capital	23		200		200
Profit and loss reserves			<u>3,797,321</u>		<u>1,324,103</u>
Total equity			<u>3,797,521</u>		<u>1,324,303</u>

The financial statements were approved by the board of directors and authorised for issue on 21 March 2022 and are signed on its behalf by:

J C Ridgard
Director

Company Registration No. 08563107

FLOWERLINE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	28	3,094,887		2,346,615	
Interest paid		(28,414)		(13,720)	
Income taxes (paid)/refunded		(276,673)		403	
Net cash inflow from operating activities		2,789,800		2,333,298	
Investing activities					
Purchase of tangible fixed assets		(3,098,416)		(95,509)	
Proceeds on disposal of tangible fixed assets		-		10,000	
Receipts arising from loans made		1,284		(1,284)	
Interest received		143		4	
Net cash used in investing activities		(3,096,989)		(86,789)	
Financing activities					
Repayment of bank loans		504,802		(52,982)	
Payment of finance leases obligations		(582)		(4,098)	
Dividends paid		(800,000)		-	
Net cash used in financing activities		(295,780)		(57,080)	
Net (decrease)/increase in cash and cash equivalents		(602,969)		2,189,429	
Cash and cash equivalents at beginning of year		2,128,340		(61,089)	
Cash and cash equivalents at end of year		1,525,371		2,128,340	

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

Company information

Flowerline Limited is a private company limited by shares incorporated in England and Wales. The registered office is Burma House, Burma Industrial Estate, Burma Road, Blidworth, Mansfield, Nottinghamshire, NG21 0RT.

1.1 Accounting convention

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

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. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

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

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

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

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

1.4 Intangible fixed assets - goodwill

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

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

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

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

Land and buildings Freehold	5% per annum straight line
Plant and machinery	20% per annum straight line
Fixtures, fittings and equipment	20% per annum straight line
Motor vehicles	20% per annum 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.

1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 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 calculated using the first in first out method.

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

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

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

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

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

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

1.12 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.

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

1.13 Retirement benefits

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

1.14 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 leases asset are consumed.

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

1.15 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 property, plant and equipment are treated as deferred income and released to profit or loss as the performance conditions are met.

1.16 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2021	2020
	£	£
Turnover analysed by class of business		
Postal bouquets	21,295,824	10,463,495
Hampers	2,062,085	1,114,830
Garage sales	-	143,086
Other sales	122,564	81,307
	<u>23,480,473</u>	<u>11,802,718</u>
	2021	2020
	£	£
Other significant revenue		
Interest income	143	4
Grants received	<u>25,128</u>	<u>107,992</u>

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Turnover analysed by geographical market		
UK	23,479,423	11,800,593
EC	1,050	2,125
	<u>23,480,473</u>	<u>11,802,718</u>

4 Operating profit

	2021 £	2020 £
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	(43,397)	(62,954)
Government grants	(25,128)	(107,992)
Fees payable to the company's auditor for the audit of the company's financial statements	5,450	-
Depreciation of owned tangible fixed assets	195,090	145,044
Depreciation of tangible fixed assets held under finance leases	-	2,600
Operating lease charges	31,239	28,241
	<u>31,239</u>	<u>28,241</u>

5 Employees

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

	2021 Number	2020 Number
Cost of sales	85	68
Administration	8	6
Total	<u>93</u>	<u>74</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,232,287	1,571,512
Social security costs	192,218	134,953
Pension costs	44,599	33,473
	<u>2,469,104</u>	<u>1,739,938</u>

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	95,506	73,964
Company pension contributions to defined contribution schemes	1,315	1,301
	<u>96,821</u>	<u>75,265</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	143	4
	<u>143</u>	<u>4</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	143	4
	<u>143</u>	<u>4</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	28,209	13,181
Other finance costs:		
Interest on finance leases and hire purchase contracts	203	136
Other interest	2	403
	<u>28,414</u>	<u>13,720</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	525,375	225,618
	<u>525,375</u>	<u>225,618</u>
Deferred tax		
Origination and reversal of timing differences	206,300	1,200
	<u>206,300</u>	<u>1,200</u>
Total tax charge	<u>731,675</u>	<u>226,818</u>

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	4,004,893	1,134,708
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	760,930	215,595
Tax effect of expenses that are not deductible in determining taxable profit	211	118
Depreciation addback	37,067	28,052
Capital allowances claim	(272,833)	(18,147)
Deferred tax movement	206,300	1,200
Taxation charge for the year	731,675	226,818

10 Dividends

	2021 £	2020 £
Interim paid	800,000	-

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 August 2020 and 31 July 2021	12,501
Amortisation and impairment	
At 1 August 2020 and 31 July 2021	12,501
Carrying amount	
At 31 July 2021	-
At 31 July 2020	-

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

12 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 August 2020	1,317,392	419,278	53,289	12,970	1,802,929
Additions	1,979,803	1,068,292	50,321	-	3,098,416
At 31 July 2021	3,297,195	1,487,570	103,610	12,970	4,901,345
Depreciation and impairment					
At 1 August 2020	189,983	228,726	24,046	6,053	448,808
Depreciation charged in the year	65,870	109,555	17,071	2,594	195,090
At 31 July 2021	255,853	338,281	41,117	8,647	643,898
Carrying amount					
At 31 July 2021	3,041,342	1,149,289	62,493	4,323	4,257,447
At 31 July 2020	1,127,409	190,552	29,243	6,917	1,354,121

The carrying value of land and buildings comprises:

	2021 £	2020 £
Freehold	3,041,342	1,127,409

Freehold land and buildings with a carrying amount of £520,005 (2020 - £555,260) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts which were in existence at the year end.

	2021 £	2020 £
Plant and machinery	-	5,850

13 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	449,971	369,031
Carrying amount of financial liabilities		
Measured at amortised cost	1,783,845	1,571,488

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

14 Stocks

	2021 £	2020 £
Finished goods and goods for resale	703,066	549,874

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	439,018	364,847
Other debtors	8,053	1,284
Prepayments and accrued income	41,300	2,900
	488,371	369,031

16 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	17	167,527	53,000
Obligations under finance leases	19	-	582
Trade creditors		906,652	1,210,885
Corporation tax		525,375	276,673
Other taxation and social security		502,006	1,069,694
Other creditors		31,742	25,291
Accruals and deferred income		12,451	6,532
		2,145,753	2,642,657

17 Loans and overdrafts

	2021 £	2020 £
Bank loans	833,000	328,198
Payable within one year	167,527	53,000
Payable after one year	665,473	275,198

Bank loans are secured by fixed and floating charges over the assets of the company, including the freehold property. A cross-guarantee has been provided by Prestige Gifting Limited, a company in which the directors and shareholders, J A Miskell, S D Crowther and C Miskell, are also directors and shareholders. A director has provided a personal guarantee for £85,000.

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

18 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	665,473	275,198
Government grants	21	95,008	95,008
		<u>760,481</u>	<u>370,206</u>

19 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	-	705
Less: future finance charges	-	(123)
	<u>-</u>	<u>582</u>

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

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	<u>270,500</u>	<u>64,200</u>
Movements in the year:		2021 £
Liability at 1 August 2020		64,200
Charge to profit or loss		206,300
Liability at 31 July 2021		<u>270,500</u>

The deferred tax liability set out above is expected to reverse within five years and relates to accelerated capital allowances that are expected to mature within the same period.

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

21 Deferred grants

	2021 £	2020 £
Arising from government grants	95,008	95,008

22 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	44,599	33,473

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	200	200	200	200

The company has one class of ordinary shares which carry no right to fixed income.

24 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties, equipment and vehicles. Leases are negotiated for an average term of three to five years with an option to extend at the prevailing market rate.

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

	2021 £	2020 £
Within one year	34,441	17,400
Between two and five years	94,900	69,600
	129,341	87,000

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	1,679,917	-

26 Related party transactions

Transactions with related parties

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

	Sales of goods		Purchases of goods	
	2021 £	2020 £	2021 £	2020 £
Other related parties	23,492,139	11,652,619	6,386	-

	Services received	
	2021 £	2020 £
Key management personnel	19,017	18,126
Other related parties	8,791	4,862

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts due to related parties		
Key management personnel	1,025	-
Other related parties	-	120

	2021 £	2020 £
Amounts due from related parties		
Other related parties	435,337	364,166

Sales and purchases of goods and services were made between related parties at market price.

The amounts outstanding are unsecured and will be settled in cash as and when cash flows permit.

27 Directors' transactions

Dividends totalling £760,000 (2020 - £0) were paid in the year in respect of shares held by the company's directors.

FLOWERLINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

27 Directors' transactions

(Continued)

Interest free loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Interest free loan	-	1,284	206	(1,490)	-
		1,284	206	(1,490)	-

28 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	3,273,218	907,890
Adjustments for:		
Taxation charged	731,675	226,818
Finance costs	28,414	13,720
Investment income	(143)	(4)
Depreciation and impairment of tangible fixed assets	195,090	147,644
Movements in working capital:		
Increase in stocks	(153,192)	(63,156)
Increase in debtors	(120,624)	(351,972)
(Decrease)/increase in creditors	(859,551)	1,465,675
Cash generated from operations	3,094,887	2,346,615

29 Analysis of changes in net funds

	1 August 2020 £	Cash flows £	31 July 2021 £
Cash at bank and in hand	2,128,340	(602,969)	1,525,371
Borrowings excluding overdrafts	(328,198)	(504,802)	(833,000)
Obligations under finance leases	(582)	582	-
	1,799,560	(1,107,189)	692,371

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