

Company Registration No. 10650704 (England and Wales)

EASY NEWCO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



EASY NEWCO LIMITED

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EASY NEWCO LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | Mr D Pearce Mr D J Mosley |
| Company number | 10650704 |
| Registered office | Brunel Way Thetford Norfolk IP24 1HF |
| Auditor | King & King First Floor Roxburghe House 273 - 287 Regent Street London W1B 2HA |

EASY NEWCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Principal activity and business review

The principal activity of the company and group continued to be that of manufacture, marketing and distribution of cleaning products for primarily domestic markets but also some international markets.

The company and group delivered an operating profit of £1,155,952 (2019: £1,097,135). Operating profit has been maintained this year due to the maturity of the cost reduction programme that began 12 months ago, as well as expanded production volumes in the factory supporting improved overhead recovery.

Sales volume improved 3% year on year due to contract wins. This improved volume, however, does not reflect in turnover as cost savings made from our procurement initiatives were passed on to our customers in order to secure extended contract terms or new businesses.

Consolidation of operations and warehousing at Brunel Way was completed in early 2019 and a review of our logistics and supply chain processes is underway to leverage gains brought about from one site location.

The price competition in domestic household cleaning products is fierce, therefore control of raw material and manufacturing costs is key to improve profitability. Our drive to move procurement to Asia to gain better cost control of raw materials has continued in 2019/20.

During the year the business secured new development funding, allowing it to invest in new machinery to develop capability and capacity in development of new products.

Key performance

The Board of Directors has identified the following Key Performance Indicators to help understand and measure the performance of the company:

| | 2020 (£m) | 2019 (£m) |
|------------------|-----------|-----------|
| Revenue (£m) | 47 | 48 |
| Gross Margin (%) | 14 | 15 |

The drive for volume has had a small impact on our gross margin, however has improved factory efficiency. 2020/21 will see a push for a sales mix with more of a margin impact.

Future developments

During the year we commissioned a new fully automated washing up liquid filling line capable of producing 40,000,000 units per annum, this extra capacity has enabled us to develop our washing up presence and offering, with new ranges being offered and branded products being developed.

We have also developed capability to produce alcohol which enables us to develop hand sanitiser, alcohol based hand washes and various disinfectant products. In this era of COVID this should be a growth product area.

COVID-19

The directors have considered the impact of COVID-19 on the company's future business outlook. The directors consider that given the nature of the company's products, i.e. cleaning products, the demand for company's products are expected to be significantly increased in the foreseeable future.

Principal risks and uncertainties

All businesses are subject to risks and many individual risks are macro economic or social and common across many businesses, Brexit being a current relevant example. The key risks are those which could materially damage the company's strategy, reputation, business, profitability or assets. The principal financial risks to which the company is exposed are those of liquidity, market condition, credit, cash flow, and foreign currency. Each of these risks are managed in accordance with board approved policies which are set out below.

EASY NEWCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Brexit

The company's activities are primarily focussed within the UK, we manufacture in the UK and the majority of our turnover is to UK based outlets. We are not immune to the impact that Brexit will have on organisations however we have tried to address these through supplier review to gain Asian and UK based suppliers to key raw materials, liaison with European customers to ensure where possible that all requirements to export successfully post 31 December 2020, are in place.

Liquidity Risk

The company manages liquidity risk by maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements. The directors review the company's on-going liquidity risks regularly and constantly monitor debtors receivable and creditors payable.

Economic, market and price risk

The company's performance is directly impacted by the economic environment. The company operates in a highly competitive market and price competition can adversely affect the company's result. The company endeavours to manage price risk by placing purchase orders with material suppliers only after some degree of assurance is achieved for the sale of the goods being forecast.

Credit Risk

The company is at risk of exposure to financial losses should a counter party fail to meet its obligations as and when they fall due. The credit risk is managed by setting credit limits as deemed appropriate for each customer, these limits are reviewed at least quarterly.

Cash flow Risk

The company uses invoice discounting as its primary source of working capital. Active management of customers sales and timely receipts facilitates management of our cashflow. The directors closely monitor cash flow position.

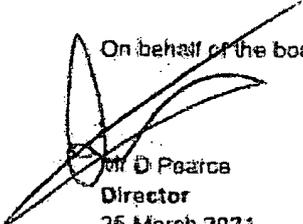
Foreign currency Risk

As the company transacts substantially in £ sterling, it is not exposed to currency rate risk. There are a small number of transactions in US Dollars and Euros, for which the company operates a separate bank account.

Going concern

The directors, having reviewed the accounts and after making appropriate enquiries, consider that the company has adequate resources to continue in the operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

On behalf of the board



Mr D Pearce

Director

25 March 2021

EASY NEWCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

Mr D Pearce
Mr D J Mosley

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.

Auditor

The auditor, King & King Chartered Accountants, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

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 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.

EASY NEWCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board



M. D. Pearce
Director

25 March 2021

EASY NEWCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EASY NEWCO LIMITED

Opinion

We have audited the financial statements of Easy Newco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 the parent company's affairs as at 31 March 2020 and of the group's 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

EASY NEWCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EASY NEWCO LIMITED

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.

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 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 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, 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 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 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.

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.

EASY NEWCO LIMITED

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

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.



**Milankumar Patel (Senior Statutory Auditor)
For and on behalf of King & King**

25 March 2021

**Chartered Accountants
Statutory Auditor**

First Floor Roxburghe House
273 - 287 Regent Street
London
W1B 2HA

EASY NEWCO LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

| | Notes | 2020 £ | 2019 £ |
|--------------------------------------|-------|------------------|------------------|
| Revenue | 3 | 47,165,931 | 48,474,890 |
| Cost of sales | | (40,666,361) | (41,329,692) |
| Gross profit | | 6,499,570 | 7,145,198 |
| Distribution costs | | (4,152,505) | (4,464,761) |
| Administrative expenses | | (1,191,113) | (1,583,302) |
| Operating profit | 4 | 1,155,952 | 1,097,135 |
| Finance costs | 7 | (534,236) | (304,720) |
| Other gains and losses | 8 | (261,754) | (415,188) |
| Profit before taxation | | 359,962 | 377,227 |
| Tax on profit | 9 | - | - |
| Profit for the financial year | 22 | 359,962 | 377,227 |

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

All the activities of the group are from continuing operations.

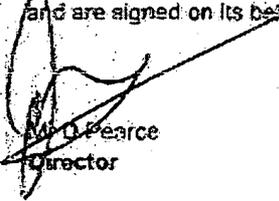
EASY NEWCO LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

| | Notes | 2020 | | 2019 | |
|--|-------|---------------------|--------------------|---------------------|--------------------|
| | | £ | £ | £ | £ |
| Non-current assets | | | | | |
| Goodwill | 10 | | 62,688 | | 94,477 |
| Other intangible assets | 10 | | 942,029 | | 883,627 |
| Total intangible assets | | | 1,024,697 | | 978,104 |
| Property, plant and equipment | 11 | | 5,169,498 | | 5,005,842 |
| | | | 6,194,195 | | 5,983,946 |
| Current assets | | | | | |
| Inventories | 14 | 5,013,920 | | 4,581,662 | |
| Trade and other receivables | 15 | 11,328,383 | | 10,353,149 | |
| Cash and cash equivalents | | 92,732 | | 3,078 | |
| | | 16,433,035 | | 14,937,889 | |
| Current liabilities | 16 | (21,195,555) | | (19,816,718) | |
| Net current liabilities | | | (4,762,520) | | (4,678,829) |
| Total assets less current liabilities | | | 1,431,675 | | 1,305,117 |
| Non-current liabilities | 17 | | (969,364) | | (1,026,291) |
| Provisions for liabilities | | | | | |
| Provisions | 20 | - | | 176,477 | |
| | | | | (176,477) | |
| Net assets | | | 462,311 | | 102,349 |
| Equity | | | | | |
| Called up share capital | 21 | | 1 | | 1 |
| Retained earnings | 22 | | 462,310 | | 102,348 |
| Total equity | | | 462,311 | | 102,349 |

The financial statements were approved by the board of directors and authorised for issue on 25 March 2021 and are signed on its behalf by:


Mr D Pearce
Director

EASY NEWCO LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

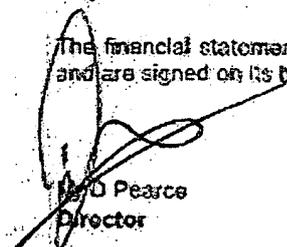
AS AT 31 MARCH 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|------------------|---|------------------|---|
| Non-current assets | | | | | |
| Intangible assets | 10 | 425,000 | | 450,000 | |
| Investments | 12 | 321,292 | | 321,292 | |
| | | <u>746,292</u> | | <u>771,292</u> | |
| Current assets | | | | | |
| Cash and cash equivalents | | 1 | | 1 | |
| Current liabilities | | | | | |
| | 16 | <u>(172,766)</u> | | <u>(88,062)</u> | |
| Net current liabilities | | <u>(172,765)</u> | | <u>(88,061)</u> | |
| Total assets less current liabilities | | <u>573,527</u> | | <u>673,231</u> | |
| Non-current liabilities | | | | | |
| | 17 | <u>(844,784)</u> | | <u>(874,800)</u> | |
| Net liabilities | | <u>(371,257)</u> | | <u>(201,569)</u> | |
| Equity | | | | | |
| Called up share capital | 21 | 1 | | 1 | |
| Retained earnings | 22 | <u>(371,258)</u> | | <u>(201,570)</u> | |
| Total equity | | <u>(371,257)</u> | | <u>(201,569)</u> | |

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £169,688 (2019 - £114,570 loss).

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

The financial statements were approved by the board of directors and authorised for issue on 25 March 2021 and are signed on its behalf by:


David Pearce
Director

Company Registration No. 10650704

EASY NEWCO LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

| | Share capital £ | Retained earnings £ | Total £ |
|--|-----------------------|---------------------------|------------|
| Balance at 1 April 2018 | 1 | (274,879) | (274,878) |
| Period ended 31 March 2019: | | | |
| Profit and total comprehensive income for the period | - | 377,227 | 377,227 |
| Balance at 31 March 2019 | 1 | 102,348 | 102,349 |
| Year ended 31 March 2020: | | | |
| Profit and total comprehensive income for the year | - | 359,962 | 359,962 |
| Balance at 31 March 2020 | 1 | 462,310 | 462,311 |

EASY NEWCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

| | Share capital £ | Retained earnings £ | Total £ |
|--|-----------------------|---------------------------|------------|
| Balance at 1 April 2018 | 1 | (87,000) | (86,999) |
| Period ended 31 March 2019: | | | |
| Loss and total comprehensive income for the period | - | (114,570) | (114,570) |
| Balance at 31 March 2019 | 1 | (201,570) | (201,569) |
| Year ended 31 March 2020: | | | |
| Loss and total comprehensive income for the year | - | (169,688) | (169,688) |
| Balance at 31 March 2020 | 1 | (371,258) | (371,257) |

EASY NEWCO LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|----------------------------|---|---------------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from/(absorbed by) operations | 24 | 439,660 | | (333,540) | |
| Interest paid | | (534,236) | | (304,720) | |
| Net cash outflow from operating activities | | <u>(94,576)</u> | | <u>(638,260)</u> | |
| Investing activities | | | | | |
| Purchase of intangible assets | | (143,896) | | (37,146) | |
| Purchase of property, plant and equipment | | (763,981) | | (823,359) | |
| Net cash used in investing activities | | <u>(907,877)</u> | | <u>(860,505)</u> | |
| Financing activities | | | | | |
| Repayment of debentures | | 69,984 | | 64,800 | |
| Payment of finance leases obligations | | (132,817) | | 21,921 | |
| Net cash (used in)/generated from financing activities | | <u>(62,833)</u> | | <u>86,721</u> | |
| Net decrease in cash and cash equivalents | | <u>(1,065,286)</u> | | <u>(1,412,044)</u> | |
| Cash and cash equivalents at beginning of year | | (8,741,334) | | (6,914,102) | |
| Effect of other gains and losses | | (261,754) | | (415,188) | |
| Cash and cash equivalents at end of year | | <u><u>(10,068,374)</u></u> | | <u><u>(8,741,334)</u></u> | |
| Relating to: | | | | | |
| Cash at bank and in hand | | 92,732 | | 3,078 | |
| Bank overdrafts included in creditors payable within one year | | <u><u>(10,161,106)</u></u> | | <u><u>(8,744,412)</u></u> | |

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Easy Newco Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Brunel Way, Thetford, Norfolk, IP24 1HF.

The group consists of Easy Newco Limited and all of its subsidiaries.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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 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.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Easy Newco Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). 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 March 2020. 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.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

1.4 Revenue

Revenue 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.

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

1.5 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.

1.6 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:

| | |
|--------------------|---------------|
| Patents & licences | 5 to 15 years |
|--------------------|---------------|

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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

The useful life of the tangible assets have been assessed at the end of the year and updated as follows for future periods:

| | |
|------------------------------|---------------|
| Leasehold land and buildings | 3 to 40 years |
| Plant and equipment | 4 to 18 years |
| Fixtures and fittings | 4 to 15 years |

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 recognised in the statement of comprehensive income.

1.8 Non-current investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.9 Impairment of non-current 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.

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.

1.10 Inventories

Inventories 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 inventories to their present location and condition.

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories 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.

1.11 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.

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.12 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 in the group's statement of financial position 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 receivables 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.

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.

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 group'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 income statement, 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 if, and only if, there is 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.

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.16 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 non-current 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.

1.17 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 statement of financial position 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.

1.18 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.

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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.

Critical judgements

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

Inventories impairments and provisions

Inventories are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete inventories.

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.

Bad debt provisioning

An allowance for doubtful accounts is maintained for potential credit losses based upon managements assessment of the expected collectability of all accounts receivable. The allowance for doubtful accounts is reviewed periodically to assess the adequacy of the allowance.

Dilapidations provision

Dilapidations relate to the vacated warehouse and are charged as a cost in the year the charges are agreed with the landlord. Dilapidation costs paid in future years will be set against the provision for the costs.

3 Revenue

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | £ | £ |
| Revenue analysed by class of business | | |
| Sale of goods | 47,165,931 | 48,474,890 |
| | <u>47,165,931</u> | <u>48,474,890</u> |
| | | |
| | 2020 | 2019 |
| | £ | £ |
| Revenue analysed by geographical market | | |
| United Kingdom | 46,575,345 | 47,879,130 |
| Overseas | 590,586 | 595,760 |
| | <u>47,165,931</u> | <u>48,474,890</u> |

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Operating profit

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Operating profit for the year is stated after charging: | | |
| Depreciation of owned property, plant and equipment | 600,325 | 505,003 |
| Amortisation of intangible assets | 97,303 | 80,809 |
| | <u>697,628</u> | <u>585,812</u> |

5 Auditor's remuneration

| | 2020 | 2019 |
|--|---------------|---------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 26,000 | 26,000 |
| | <u>26,000</u> | <u>26,000</u> |
| For other services | | |
| All other non-audit services | 6,000 | 6,000 |
| | <u>6,000</u> | <u>6,000</u> |

6 Employees

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

| | Group 2020 | 2019 | Company 2020 | 2019 |
|----------------------|---------------|------------|-----------------|----------|
| | Number | Number | Number | Number |
| Production staff | 180 | 196 | - | - |
| Distribution staff | 34 | 28 | - | - |
| Administration staff | 46 | 50 | - | - |
| | <u>260</u> | <u>274</u> | <u>-</u> | <u>-</u> |

Their aggregate remuneration comprised:

| | Group 2020 | 2019 | Company 2020 | 2019 |
|-----------------------|------------------|------------------|-----------------|----------|
| | £ | £ | £ | £ |
| Wages and salaries | 6,111,502 | 6,227,829 | - | - |
| Social security costs | 526,309 | 614,397 | - | - |
| Pension costs | 177,389 | 119,688 | - | - |
| | <u>6,815,200</u> | <u>6,961,914</u> | <u>-</u> | <u>-</u> |

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

7 Finance costs

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £ | £ |
| Interest on bank overdrafts and loans | 69,984 | 64,800 |
| Other interest on financial liabilities | 86,170 | 28,222 |
| Other interest | 378,082 | 211,698 |
| | <u> </u> | <u> </u> |
| Total finance costs | <u>534,236</u> | <u>304,720</u> |

8 Other gains and losses

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £ | £ |
| Fair value gains/(losses) on financial instruments | | |
| Exchange gains / losses | (3,514) | (24,734) |
| Exceptional items | (258,240) | (390,454) |
| | <u> </u> | <u> </u> |
| | <u>(261,754)</u> | <u>(415,188)</u> |

The exceptional items relate to the closure of a warehouse.

9 Taxation

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:

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | £ | £ |
| Profit before taxation | <u>359,962</u> | <u>377,227</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 68,393 | 71,673 |
| Unutilised tax losses carried forward | (68,393) | (71,673) |
| | <u> </u> | <u> </u> |
| Taxation charge | <u>-</u> | <u>-</u> |

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Intangible fixed assets

| Group | Goodwill | Patents & licences | Total |
|------------------------------------|----------|--------------------|-------------------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2019 | 118,095 | 3,996,537 | 4,114,632 |
| Additions | - | 143,896 | 143,896 |
| At 31 March 2020 | 118,095 | 4,140,433 | 4,258,528 |
| Amortisation and impairment | | | |
| At 1 April 2019 | 23,618 | 3,112,910 | 3,136,528 |
| Amortisation charged for the year | 11,809 | 85,494 | 97,303 |
| At 31 March 2020 | 35,427 | 3,198,404 | 3,233,831 |
| Carrying amount | | | |
| At 31 March 2020 | 82,668 | 942,029 | 1,024,697 |
| At 31 March 2019 | 94,477 | 883,627 | 978,104 |
| Company | | | Patents & licences |
| | | | £ |
| Cost | | | |
| At 1 April 2019 and 31 March 2020 | | | 500,000 |
| Amortisation and impairment | | | |
| At 1 April 2019 | | | 50,000 |
| Amortisation charged for the year | | | 25,000 |
| At 31 March 2020 | | | 75,000 |
| Carrying amount | | | |
| At 31 March 2020 | | | 425,000 |
| At 31 March 2019 | | | 450,000 |

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Property, plant and equipment

| Group | Leasehold land and buildings £ | Plant and equipment £ | Fixtures and fittings £ | Total £ |
|------------------------------------|---|-----------------------------|-------------------------------|------------|
| Cost | | | | |
| At 1 April 2019 | 5,287,320 | 42,165,872 | 4,027,977 | 51,481,169 |
| Additions | 20,172 | 738,295 | 5,514 | 763,981 |
| At 31 March 2020 | 5,307,492 | 42,904,167 | 4,033,491 | 52,245,150 |
| Depreciation and impairment | | | | |
| At 1 April 2019 | 4,012,829 | 38,504,459 | 3,958,039 | 46,475,327 |
| Depreciation charged in the year | 198,033 | 387,508 | 14,784 | 600,325 |
| At 31 March 2020 | 4,210,862 | 38,891,967 | 3,972,823 | 47,075,652 |
| Carrying amount | | | | |
| At 31 March 2020 | 1,096,630 | 4,012,200 | 60,668 | 5,169,498 |
| At 31 March 2019 | 1,274,491 | 3,661,413 | 69,938 | 5,005,842 |

The company had no property, plant and equipment at 31 March 2020 or 31 March 2019.

12 Fixed asset investments

| | Notes | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 13 | - | - | 321,292 | 321,292 |

Movements in non-current investments

| Company | Shares in group undertakings £ |
|-----------------------------------|---|
| Cost or valuation | |
| At 1 April 2019 and 31 March 2020 | 321,292 |
| Carrying amount | |
| At 31 March 2020 | 321,292 |
| At 31 March 2019 | 321,292 |

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

| Name of undertaking | Class of shares held | % Held |
|---------------------------------|----------------------|--------|
| Easy Cleaning Solutions Limited | Ordinary | 100 |

14 Inventories

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-------------------------------------|--------------------|------------------|----------------------|-----------|
| Raw materials and consumables | 2,651,890 | 2,203,879 | - | - |
| Work in progress | 718,235 | 626,301 | - | - |
| Finished goods and goods for resale | 1,643,795 | 1,751,482 | - | - |
| | <u>5,013,920</u> | <u>4,581,662</u> | <u>-</u> | <u>-</u> |

The inventory balances above are net of a £462,131 (2019: £512,057) provision due to slow moving and obsolete inventories.

15 Trade and other receivables

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|---|--------------------|-------------------|----------------------|-----------|
| Amounts falling due within one year: | | | | |
| Trade receivables | 10,690,484 | 9,693,166 | - | - |
| Other receivables | 77,502 | 260,279 | - | - |
| Prepayments and accrued income | 558,397 | 399,704 | - | - |
| | <u>11,326,383</u> | <u>10,353,149</u> | <u>-</u> | <u>-</u> |

16 Current liabilities

| | Notes | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|------------------------------------|-------|--------------------|-------------------|----------------------|---------------|
| Bank loans and overdrafts | 18 | 10,161,106 | 8,744,412 | - | - |
| Obligations under finance leases | 19 | 127,041 | 132,947 | - | - |
| Trade payables | | 9,570,719 | 9,790,044 | - | - |
| Amounts owed to group undertakings | | - | - | (398,182) | 94,062 |
| Other taxation and social security | | 542,418 | 234,704 | - | - |
| Other payables | | 571,506 | 556,538 | 564,948 | - |
| Accruals and deferred income | | 222,765 | 158,073 | 6,000 | 4,000 |
| | | <u>21,195,555</u> | <u>19,616,718</u> | <u>172,766</u> | <u>98,062</u> |

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Current liabilities

(Continued)

Included in bank loans and overdraft is an amount advanced in respect of sales financing which is secured by way of a first charge on all discounted debts. The overdraft is also secured by a debenture secured against all assets of the company.

Obligations under finance leases and hire purchase contracts are secured on their related assets.

17 Non-current liabilities

| | Notes | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|----------------------------------|-------|--------------------|------------------|----------------------|----------------|
| Debenture loans | 18 | 944,784 | 874,800 | 944,784 | 874,800 |
| Obligations under finance leases | 19 | 24,580 | 151,491 | - | - |
| | | <u>969,364</u> | <u>1,026,291</u> | <u>944,784</u> | <u>874,800</u> |

Obligation under finance leases and hire purchase contracts are secured on their related assets.

18 Borrowings

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-------------------------|--------------------|------------------|----------------------|----------------|
| Debenture loans | 944,784 | 874,800 | 944,784 | 874,800 |
| Bank overdrafts | 10,161,106 | 8,744,412 | - | - |
| | <u>11,105,890</u> | <u>9,619,212</u> | <u>944,784</u> | <u>874,800</u> |
| Payable within one year | 10,161,106 | 8,744,412 | - | - |
| Payable after one year | <u>944,784</u> | <u>874,800</u> | <u>944,784</u> | <u>874,800</u> |

Debenture loans are provided by the management of the company and group.

19 Finance lease obligations

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|---|--------------------|----------------|----------------------|-----------|
| Future minimum lease payments due under finance leases: | | | | |
| Within one year | 127,041 | 132,948 | - | - |
| In two to five years | 24,580 | 151,490 | - | - |
| | <u>151,621</u> | <u>284,438</u> | <u>-</u> | <u>-</u> |

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

19 Finance lease obligations

(Continued)

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 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Provisions for liabilities

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|--|--------------------|-----------|----------------------|-----------|
| | - | 176,477 | - | - |

Property provisions related to lease dilapidations relating to the company's leased premises.

Movements on provisions:

| Group | £ |
|-----------------------|-----------|
| At 1 April 2019 | 176,477 |
| Reversal of provision | (176,477) |
| At 31 March 2020 | - |

21 Share capital

| | 2020 Number | 2019 Number | 2020 £ | 2019 £ |
|---|----------------|----------------|-----------|-----------|
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of 0.1p each | 1,000 | 1,000 | 1 | 1 |

22 Reserves

Retained earnings

Profit and loss accounts - This reserve records retained earnings and accumulated losses.

23 Related party transactions

The company and group have taken advantage of the exemption allowed under FRS 102 not to disclose related party transactions between wholly owned members of the same group.

EASY NEWCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

24 Cash generated from/(absorbed by) group operations

| | 2020 £ | 2019 £ |
|--|----------------|------------------|
| Profit for the year after tax | 359,962 | 377,227 |
| Adjustments for: | | |
| Finance costs | 534,236 | 304,720 |
| Amortisation and impairment of intangible assets | 97,303 | 80,809 |
| Depreciation and impairment of property, plant and equipment | 600,325 | 505,003 |
| Other gains and losses | 261,754 | 415,188 |
| Decrease in provisions | (176,477) | (1,276,190) |
| Movements in working capital: | | |
| (Increase)/decrease in inventories | (432,258) | 143,291 |
| Increase in trade and other receivables | (973,234) | (1,510,350) |
| Increase in trade and other payables | 168,049 | 626,762 |
| Cash generated from/(absorbed by) operations | <u>439,660</u> | <u>(333,540)</u> |

25 Analysis of changes in net debt - group

| | 1 April 2019 £ | Cash flows £ | Exchange rate movements £ | 31 March 2020 £ |
|----------------------------------|--------------------|--------------------|------------------------------------|-----------------------|
| Cash at bank and in hand | 3,078 | 351,408 | (261,754) | 92,732 |
| Bank overdrafts | (8,744,412) | (1,416,694) | - | (10,161,106) |
| | <u>(8,741,334)</u> | <u>(1,065,286)</u> | <u>(261,754)</u> | <u>(10,068,374)</u> |
| Borrowings excluding overdrafts | (874,800) | (69,984) | - | (944,784) |
| Obligations under finance leases | (284,438) | 132,817 | - | (151,621) |
| | <u>(9,900,572)</u> | <u>(1,002,453)</u> | <u>(261,754)</u> | <u>(11,164,779)</u> |