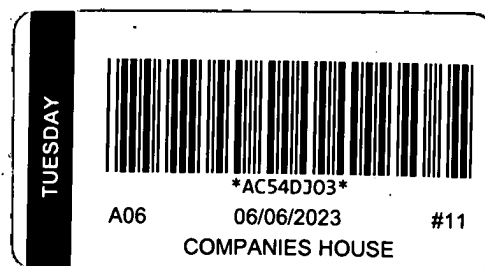


**Registered number: 10689517**

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2022**



**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**COMPANY INFORMATION**

**Directors**

D R Kilburn  
K H Tinsley  
N M Croxson

**Registered number**

10689517

**Registered office**

Stoneferry Road  
Hull  
HU8 8DE

# **M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**

## **CONTENTS**

	<b>Page</b>
<b>Directors' report</b>	<b>1-3</b>
<b>Independent auditors' report</b>	<b>4-7</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11-23</b>

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors present their report and financial statements for the year ended 30 September 2022.

**Principal Activity**

The company's principal activity is primarily servicing the Repairs, Maintenance and Improvement (RMI) construction market through the supply of a wide range of building and construction materials including kitchens and bathrooms.

**Inventory ownership**

On 31 August 2022, the Company sold 100% of its inventory to its parent company M.K.M. Building Supplies Limited for book value. On 29 September 2022, an intra-group trading agreement was signed. The agreement stipulates that the Company holds inventory on a consignment basis, purchasing inventory from M. K. M. Building Supplies Limited immediately prior to the external sale.

**Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- Under company law, 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 the financial statements, the directors are required to select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D R Kilburn  
K H Tinsley  
N M Croxson

**Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

**Dividends**

The Company paid a dividend of £338,553 during the year (2021: £407,630).

The Directors do not recommend the payment of a further final dividend.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when the Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support from the intermediate parent company, M.K.M. Building Supplies (Group) Limited, supported by the cash flows of the Group. Using cashflow forecasts, the directors have produced both a base case and a severe but plausible downside scenario to review and "stress-test" these assumptions. After careful consideration the directors are satisfied that M.K.M. Building Supplies (Group) Limited and its subsidiary companies including the Company, have adequate resources to continue in operation for the foreseeable future being at least twelve months from the date of signing the financial statements. For this reason, the directors continue to apply the going concern basis in preparing the financial statements.

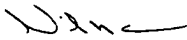
**Independent Auditors**

An elective resolution has been passed to maintain PricewaterhouseCoopers LLP as auditors until such time as the Board decides otherwise.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 20 April 2023 and signed on its behalf.



**N M Croxson**  
Director

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M.K.M. BUILDING**  
**SUPPLIES (NEWENT) LIMITED**

**Report on the audit of the financial statements**

**Opinion**

In our opinion, M.K.M. Building Supplies (Newent) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 September 2022; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M.K.M. BUILDING**  
**SUPPLIES (NEWENT) LIMITED**

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

*Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

**Responsibilities for the financial statements and the audit**

*Responsibilities of directors for the financial statements*

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 to cease operations, or have no realistic alternative but to do so.



**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M.K.M. BUILDING**  
**SUPPLIES (NEWENT) LIMITED**

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety legislation and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting fraudulent journal entries to manipulate financial performance and management bias in significant accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing accounting estimates that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M.K.M. BUILDING**  
**SUPPLIES (NEWENT) LIMITED**

***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other Required Reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Michael Whyte (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
20 April 2023

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	7,697,685	7,356,334
Cost of sales		(5,760,302)	(5,397,425)
<b>Gross profit</b>		<u>1,937,383</u>	<u>1,958,909</u>
Administrative expenses		(1,501,087)	(1,310,921)
<b>Operating profit</b>	5	<u>436,296</u>	<u>647,988</u>
<b>Profit before tax</b>		<u>436,296</u>	<u>647,988</u>
Tax on profit	8	(86,962)	(124,720)
<b>Profit for the financial year</b>		<u><u>349,334</u></u>	<u><u>523,268</u></u>

There were no recognised profits and losses for 2022 or 2021 other than those included in the profit and loss account.

The notes on pages 11 to 23 form part of these financial statements.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**REGISTERED NUMBER: 10689517**  
**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible fixed assets	10	83	397
Tangible fixed assets	11	150,290	149,567
		<u>150,373</u>	<u>149,964</u>
<b>Current assets</b>			
Stocks	12	-	486,761
Debtors	13	1,247,417	1,009,647
Cash at bank and in hand	14	600	600
		<u>1,248,017</u>	<u>1,497,008</u>
Creditors: amounts falling due within one year	15	<u>(821,922)</u>	<u>(1,105,125)</u>
<b>Net current assets</b>		<u>426,095</u>	<u>391,883</u>
<b>Total assets less current liabilities</b>		<u>576,468</u>	<u>541,847</u>
<b>Provisions for liabilities</b>			
Deferred taxation	17	(1,741)	-
Other provisions	18	<u>(269,973)</u>	<u>(248,874)</u>
		<u>(271,714)</u>	<u>(248,874)</u>
<b>Net assets</b>		<u><u>304,754</u></u>	<u><u>292,973</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	21,000	20,000
Profit and loss account		283,754	272,973
<b>Total Equity</b>		<u><u>304,754</u></u>	<u><u>292,973</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 8 to 23 were approved by the Board of Directors on 20 April 2023 and signed on its behalf by



**N M Croxson**  
Director

The notes on pages 11 to 23 form part of these financial statements.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 October 2020</b>	<b>20,000</b>	<b>157,335</b>	<b>177,335</b>
Profit for the year	-	523,268	523,268
Dividends: Equity Capital	-	(407,630)	(407,630)
<b>At 1 October 2021</b>	<b>20,000</b>	<b>272,973</b>	<b>292,973</b>
Profit for the year	-	349,334	349,334
Dividends: Equity Capital	-	(338,553)	(338,553)
Shares issued during the year	1,000	-	1,000
<b>At 30 September 2022</b>	<b>21,000</b>	<b>283,754</b>	<b>304,754</b>

The notes on pages 11 to 23 form part of these financial statements.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**1 General information**

The Company is a Limited company, limited by shares, incorporated and domiciled in England, UK. The registered address of M.K.M. Building Supplies (Newent) Limited is as per the Company information.

***Basis of preparation of financial statements***

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

***Going concern***

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support from the intermediate parent company, M.K.M. Building Supplies (Group) Limited, supported by the cash flows of the Group. Using cashflow forecasts, the directors have produced both a base case and a severe but plausible downside scenario to review and "stress-test" these assumptions. After careful consideration the directors are satisfied that M.K.M. Building Supplies (Group) Limited and its subsidiary companies including the Company, have adequate resources to continue in operation for the foreseeable future being at least twelve months from the date of signing the financial statements. For this reason, the directors continue to apply the going concern basis in preparing the financial statements.

***Financial reporting standard 102 - reduced disclosure exemptions***

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7;
- the requirements of paragraph 24(b) of IFRS 6.

The accounting policies have been applied consistently, other than where new policies have been adopted.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**2 Accounting policies**

***Turnover***

Revenue comprises the fair value of consideration receivable for goods and services supplied to external customers in the ordinary course of the company's activities and excludes inter-company revenue and value added tax. In general, revenue is recognised to the extent that it is subject to reliable measurement, that it is probable that economic benefits will flow to the company and that the significant risks and rewards of ownership have passed to the buyer. This generally arises when products have either been delivered to or collected by a customer and there is no unfulfilled obligation that could affect the acceptance of the products. Revenues are recorded based on the price specified in the sales invoices/contracts net of actual returns and any discounts granted.

***Intangible fixed assets***

Intangible fixed assets are initially recognised at cost. After recognition, under the cost model, intangible fixed assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible fixed assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	3 to 5 years
----------	--------------

***Tangible fixed assets***

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following basis:

Leasehold Property	Remaining period of lease
Plant and machinery	Between 3 and 10 years
Fixtures and fittings	Between 3 and 5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**2 Accounting policies (continued)**

**Stock**

Stocks are stated at the lower of cost and net realisable value. Cost is based on weighted average price and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimated proceeds of sale less all further costs to completion after making due allowance for obsolete and slow moving items.

On 31 August 2022, the Company sold 100% of its inventory to its parent company M.K.M. Building Supplies Limited for book value. On 29 September 2022, an intra-group trading agreement was signed. The agreement stipulates that the Company holds inventory on a consignment basis, purchasing inventory from M. K. M. Building Supplies Limited immediately prior to the external sale.

**Supplier Arrangements**

Supplier incentives, rebates and discounts are collectively referred to as supplier income. Supplier income is recognised as a deduction from cost of sales on an accruals basis based on the expected entitlement which has been earned up to the year end date for each relevant supplier contract. The accrued incentives, rebates and discounts receivable at year end are included within other receivables. Where goods on which rebate has been earned remain in inventory at the year end, an appropriate rebate deduction is made from the gross balance sheet carrying value of that inventory. The rebate deduction is only released to the profit and loss account when the goods are ultimately sold.

**Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.



**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**2 Accounting policies (continued)**

***Financial instruments (continued)***

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

***Cash at bank and in hand***

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

***Share-based payments***

Share-based payment arrangements are fair valued using option pricing models. Equity-settled share-based payment arrangements are fair valued as at the point of granting of the award to the employee. The fair values of the awards are charged to the income statement over the vesting period in line with how the employee services are received by the Company. Changes in the expecting vesting period and/or the number of awards that are expected to vest are adjusted in the charge to the income statement. The awards vest at the next exit event of the group; the time to the next exit event is an important component of both the fair value of the awards and the computation of the annual charge to the income statement. If the assumed period to the next exit event was to increase/decrease from year to year then it is likely that the annual charge would decrease/increase. The Branch Directors of this subsidiary of M.K.M. Building Supplies Limited have been issued with equity share-based awards. The Directors have assessed the fair value of these awards to be immaterial and not accounted for in these financial statements.

***Dividends***

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**2 Accounting policies (continued)**

***Government grants***

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

***Operating leases: the Company as lessee***

Rentals paid under operating leases are charged the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

***Pensions***

***Defined contribution pension plan***

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

***Provisions for liabilities***

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

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

***Current and deferred taxation***

The tax expense for the year comprises current and deferred tax. Tax is recognised the Profit and loss account except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**2 Accounting policies (continued)**

***Current and deferred taxation (continued)***

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3 Judgements in applying accounting policies and key sources of estimation uncertainty**

***Supplier arrangements - supplier rebates***

The value of supplier rebates included in the income statement is generally calculated by applying an agreed percentage to the gross supplier invoice price of the goods purchased. The majority of supplier rebates, are determined by reference to "guaranteed" rates of rebate, the remainder are subject to stepped targets, the net rebate percentage increasing as values or volumes purchased reach pre-agreed targets. A significant proportion of the rebate agreements are not coterminous with the company's year end and are on a calendar year. As such caution is applied to ensure that supplier rebate income is not recognised until all the risk and rewards are guaranteed. Amounts receivable under most Supplier Arrangements are earned and settled monthly, although some agreements may also stipulate quarterly, bi-annual or annual payment.

As a result, the key judgement made is to determine the value of rebates to be immediately recognised in the profit and loss account.

***Revenue recognition as Principal***

Judgement is involved in determining whether the Company recognises external revenue as a principal or as an agent of the parent company M. K. M. Building Supplies Limited. An intra-group trading agreement was signed on 29 September 2022 stipulating that the Company holds inventory on a consignment basis, purchasing inventory from M. K. M. Building Supplies Limited immediately prior to the external sale. The Directors have considered the factors set out in FRS 102 paragraph 23A.38 and judgement is required given there are mixed indicators. Whilst the inventory risk lies with M. K. M. Building Supplies Limited until the sale to a third party customer occurs, the Company is responsible for accepting the order and fulfilling it. All customer pricing is controlled by the Company, and the Company bears all risk of the recovery of the trade debtor balance. The Directors therefore consider the Company to be the principal in revenue transactions with third party customers.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**4 Turnover**

The whole of the turnover is attributable to sales of building materials to third parties in the United Kingdom.

	2022	2021
	£	£
United Kingdom	<u>7,697,685</u>	<u>7,356,334</u>
	<u><u>7,697,685</u></u>	<u><u>7,356,334</u></u>

**5 Operating profit**

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	24,214	21,200
Amortisation of intangible fixed assets	314	1,085
Defined contribution pension cost	17,210	15,920

**6 Auditors' remuneration**

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	4,000	5,040

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**7 Employees**

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	608,630	558,346
Social security costs	70,682	68,706
Pension costs	17,210	15,920
	<u><u>696,522</u></u>	<u><u>642,972</u></u>

The average monthly number of employees, including the directors, during the year was 18 (2021: 17).

The above details do not include the remuneration of the company's Director's, which are paid by the parent company and recharged to the company as part of a management charge. This management charge also includes a recharge of administration costs borne by the parent company on behalf of the company and it is not possible to identify separately the amount of the Director's remuneration

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

<b>8 Taxation</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Corporation Tax</b>		
Current tax on profits for the year	-	10,000
	<u>-</u>	<u>10,000</u>
Group taxation relief	82,129	113,938
	<u>82,129</u>	<u>123,938</u>
<b>Total current tax</b>	<u>82,129</u>	<u>123,938</u>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	4,833	782
	<u>4,833</u>	<u>782</u>
<b>Total deferred tax</b>	<u>4,833</u>	<u>782</u>
<b>Taxation on profit on ordinary activities</b>	<u>86,962</u>	<u>124,720</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>436,296</u>	<u>647,988</u>
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	82,896	123,118
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,094	2,346
Other differences leading to a (decrease) in the tax charge	(28)	(744)
<b>Total tax charge for the year</b>	<u>86,962</u>	<u>124,720</u>

**Factors that may affect future tax**

The main rate of corporation tax from 1 April 2023 will be 25% and this has been enacted by the balance sheet date. It has therefore been taken into account for deferred tax purposes. In September 2022 it was announced that the increase in tax rate from 19% to 25% would be reversed, however a further announcement was made in October 2022 that the increase will in fact go ahead as planned.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

9 Dividends	2022 £	2021 £
Dividends paid on Ordinary Share £18.75p (2021: £24.38p)	300,000	390,000
Dividends paid on Ordinary - A Share £7.71p (2021: £4.41p)	38,553	17,630
	<u>338,553</u>	<u>407,630</u>

10 Intangible fixed assets	Software £
<b>Cost</b>	
At 1 October 2021	6,079
At 30 September 2022	<u>6,079</u>
<b>Amortisation</b>	
At 1 October 2021	5,682
Provided during the year	314
At 30 September 2022	<u>5,996</u>
<b>Net book value</b>	
At 30 September 2022	83
At 30 September 2021	<u>397</u>

11 Tangible fixed assets	Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 October 2021	70,947	189,952	40,531	301,430
Additions	-	22,477	2,461	24,938
At 30 September 2022	<u>70,947</u>	<u>212,429</u>	<u>42,992</u>	<u>326,368</u>
<b>Depreciation</b>				
At 1 October 2021	14,349	102,964	34,550	151,863
Charge for the year on owned assets	3,606	16,731	3,878	24,215
At 30 September 2022	<u>17,955</u>	<u>119,695</u>	<u>38,428</u>	<u>176,078</u>
<b>Net book value</b>				
At 30 September 2022	<u>52,992</u>	<u>92,734</u>	<u>4,564</u>	<u>150,290</u>
At 30 September 2021	<u>56,598</u>	<u>86,988</u>	<u>5,981</u>	<u>149,567</u>

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Long leasehold	52,992	56,598
	<u>52,992</u>	<u>56,598</u>

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

12 Stocks	2022	2021
	£	£
Finished goods and goods for resale	-	486,761
	<u>-</u>	<u>486,761</u>

Finished goods and goods for resale are stated net of accumulated impairment of £NIL (2021: £6,419)

13 Debtors	2022	2021
	£	£
Trade debtors	1,210,683	972,617
Prepayments and accrued income	36,734	33,938
Deferred taxation	-	3,092
	<u>1,247,417</u>	<u>1,009,647</u>

14 Cash at bank and in hand	2022	2021
	£	£
Cash at bank and in hand	600	600
	<u>600</u>	<u>600</u>

15 Creditors: amounts falling due within one year	2022	2021
	£	£
Amounts owed to group undertakings	783,585	1,076,519
Other creditors	7,123	22,077
Accruals and deferred income	31,214	6,529
	<u>821,922</u>	<u>1,105,125</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

16 Financial instruments	2022	2021
	£	£
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	600	600
Financial assets that are debt instruments measured at amortised cost	1,210,683	972,617
	<u>1,211,283</u>	<u>973,217</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(814,799)</u>	<u>(1,083,048)</u>

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

17 Deferred taxation	2022	2021
	£	£
At the beginning of year	3,092	3,874
Charged to profit or loss	(4,833)	(782)
<b>At end of year</b>	<b>(1,741)</b>	<b>3,092</b>

The provision for deferred taxation is made up as follows:

Accelerated capital allowance	(1,741)	3,092
	<b>(1,741)</b>	<b>3,092</b>

**18 Provisions**

	Future minimum rent increase £
At 1 October 2021	248,874
Charged to Profit and Loss in the year	21,099
<b>At 30 September 2022</b>	<b>269,973</b>

19 Share capital	2022	2021
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
16,000 (2021: 16,000) Ordinary shares of £1.00 each	16,000	16,000
5,000 (2021: 4,000) A Ordinary shares of £1.00 each	5,000	4,000
	<b>21,000</b>	<b>20,000</b>

**20 Contingent liabilities**

The company's principal bankers have committed facilities secured by fixed and floating charges over the assets of the Company's.

The company has entered into an omnibus guarantee set off arrangement with other Group undertaking in respect of bank borrowings, which total £260,000,000 (2021: £260,000,000).

**21 Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £17,210 (2021: £15,920).



**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**22 Commitments under operating leases**

At 30 September 2022 the Company had future minimum lease payments due under non-cancellable operating leases as follows:

	2022 £	2021 £
<b>Land and Buildings</b>		
Not later than 1 year	166,883	150,730
Later than 1 year and not later than 5 years	673,013	667,531
Later than 5 years	1,964,979	2,151,251
	<u>2,804,875</u>	<u>2,969,512</u>
	2022 £	2021 £
<b>Other</b>		
Not later than 1 year	107,275	51,120
Later than 1 year and not later than 5 years	56,301	39,387
	<u>163,576</u>	<u>90,507</u>

**23 Related party transactions**

During the year shareholders made purchases from the company, on terms no better than available to all employees, and had amounts outstanding at the year end as follows. In addition, a management charge was made from the company's immediate parent:

	2022 Purchases/ Mgt Charge £	2022 Year end balance £	2021 Purchases/ Mgt Charge £	2021 Year end balance £
Amounts owed to M.K.M. Building Supplies Limited	-	783,585	-	1,076,518
Management charge from M.K.M Building Supplies Limited	<u>159,288</u>	<u>-</u>	<u>158,649</u>	<u>-</u>

No provisions or write off to these balances has been made during the year (2021: £NIL). The company holds no bank accounts. All transactions which are cash settled are made on the company's behalf by its immediate parent, M.K.M. Building Supplies Limited, with an associated balance due to or from M.K.M. Building Supplies Limited being recognised in the company.

On 31 August 2022, the Company sold 100% of its inventory to its parent company M.K.M. Building Supplies Limited for a book value of £694,275.

**M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**24 Controlling party**

The parent undertaking of the largest group of undertakings for which consolidated group financial statements were drawn up and of which M.K.M. Building Supplies (Newent) Limited was a member, was Mukah (BC) Sarl Incorporated in Luxembourg. The parent undertaking of the smallest such group was M.K.M. Building Supplies Limited, incorporated in England and Wales. M.K.M. Building Supplies Limited is also the immediate parent undertaking.

M.K.M. Building Supplies (Group) Limited, a company incorporated in England and Wales, is the ultimate parent company in the UK which produces the highest level of consolidation in England and Wales.

The ultimate parent company is Mukah (BC) Sarl, a company incorporated in Luxembourg. The group is controlled by funds advised by Bain Capital Private Equity, L.P. and its affiliates.

Publicly available financial statements for the parent company and the ultimate parent company may be obtained from:

Stoneferry Road  
Hull  
HU8 8DE