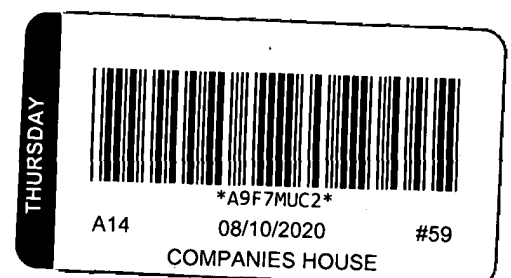


Company Registration No. 12091674 (England and Wales)

MOUNTSANDEL HOLDINGS LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

PM+M Solutions for Business LLP
Chartered Accountants
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB



MOUNTSANDEL HOLDINGS LTD

COMPANY INFORMATION

Directors	R V Blair H J Blair
Company number	12091674
Registered office	Ridge Moor 5 Lakeside Littleborough Lancs OL15 0DD
Auditor	PM+M Solutions for Business LLP New Century House Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB

MOUNTSANDEL HOLDINGS LTD

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MOUNTSANDEL HOLDINGS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020

The directors present the strategic report for the year ended 29 February 2020.

Fair review of the business

During the year the turnover increased marginally to £8,303k . Continued investment helped to improve production efficiency but increasing competition and raw material prices slightly reduced the gross margin achieved. An increase in overheads resulted in the net pre tax profit slightly decreasing slightly to £1,347k (2019 - £1,512k).

The group has continued to invest in fixed assets (£470k) and in particular plant and machinery, to improve its' production efficiencies. Research and development activity has continued during the year to ensure the group remains a leading force in the market. This has continued into the next financial year with significant capital expenditure already committed.

During the period as part of a reorganisation, Mountsandel Holdings Ltd was incorporated and acquired the shares of Jones & Brooks Limited, in December 2019, in a share for share exchange. As this takes the form of a reorganisation, the consolidated accounts have been prepared as though this arrangement has always been in place. The group has net assets at the balance sheet date of £8,065k (2019 - £7,326k). Given the level of activity, the directors are considering future expansion plans and the potential requirement for additional premises.

Overall, the directors believe the group is in a strong position at the year end. The Covid-19 pandemic has impacted the results in the first half of the current year as demand from our largest customer, the NHS, has declined as non-Covid treatments were reduced during the height of the pandemic.

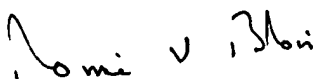
Principal risks and uncertainties

Principal risks and uncertainties to the group are the budgetary controls over health authorities, raw material prices and sector competition.

Key performance indicators

The group's key performance indicators are sales, margin achieved and number of machine hours achieved.

On behalf of the board



R V Blair

Director

16 September 2020

MOUNTSANDEL HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020

The directors present their annual report and financial statements for the year ended 29 February 2020.

Principal activities

The principal activity of the group continued to be that of commercial printers.

Directors

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

R V Blair

H J Blair

Results and dividends

The results for the year are set out on page 6.

Interim dividends paid by the group during the year totalled £421,500. The directors do not recommend payment of a further dividend.

Auditor

PM+M Solutions for Business LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

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

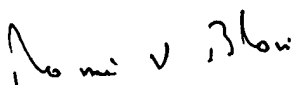
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements 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.

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

R V Blair
Director



16 September 2020

MOUNTSANDEL HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MOUNTSANDEL HOLDINGS LTD

Opinion

We have audited the financial statements of Mountsandel Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 29 February 2020 which comprise the group statement of income and retained earnings, the group balance sheet, the company balance sheet, 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 29 February 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

MOUNTSANDEL HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MOUNTSANDEL HOLDINGS LTD

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

Auditor's responsibilities for the audit of the financial statements

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

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

MOUNTSANDEL HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MOUNTSANDEL HOLDINGS LTD

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.

PM+M Solutions for Business LLP

Nigel Wright BSc FCA (Senior Statutory Auditor)
for and on behalf of PM+M Solutions for Business LLP

16 September 2020

Chartered Accountants
Statutory Auditor

New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

MOUNTSANDEL HOLDINGS LTD

GROUP STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	2020 £	2019 £
Turnover	3	8,302,785	8,298,760
Cost of sales		(5,198,519)	(5,038,894)
Gross profit		3,104,266	3,259,866
Distribution costs		(243,411)	(256,781)
Administrative expenses		(1,549,087)	(1,510,515)
Operating profit	4	1,311,768	1,492,570
Interest receivable and similar income		37,297	22,605
Interest payable and similar expenses	8	(1,578)	(2,688)
Profit before taxation		1,347,487	1,512,487
Tax on profit	9	(186,822)	(223,432)
Profit for the financial year		1,160,665	1,289,055
Retained earnings brought forward		7,321,832	6,566,483
Dividends		(421,500)	(533,706)
Retained earnings carried forward		8,060,997	7,321,832

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.

MOUNTSANDEL HOLDINGS LTD

GROUP BALANCE SHEET

AS AT 29 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		1,957,267		1,851,001
Current assets					
Stocks	14	816,000		849,002	
Debtors	15	1,301,906		1,507,505	
Cash at bank and in hand		5,467,720		4,644,371	
		<u>7,585,626</u>		<u>7,000,878</u>	
Creditors: amounts falling due within one year	16	<u>(1,211,097)</u>		<u>(1,294,433)</u>	
Net current assets			<u>6,374,529</u>		<u>5,706,445</u>
Total assets less current liabilities			<u>8,331,796</u>		<u>7,557,446</u>
Provisions for liabilities	18		<u>(266,749)</u>		<u>(231,564)</u>
Net assets			<u><u>8,065,047</u></u>		<u><u>7,325,882</u></u>
Capital and reserves					
Called up share capital	20		768		768
Capital reserve			3,282		3,282
Profit and loss reserves			<u>8,060,997</u>		<u>7,321,832</u>
Total equity			<u><u>8,065,047</u></u>		<u><u>7,325,882</u></u>

The financial statements were approved by the board of directors and authorised for issue on 16 September 2020 and are signed on its behalf by:

R V Blair

R V Blair
Director

MOUNTSANDEL HOLDINGS LTD

COMPANY BALANCE SHEET

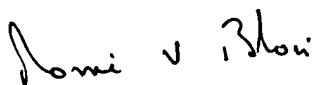
AS AT 28 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	12		768		-
Current assets					
Cash at bank and in hand		4,505,035		-	
Creditors: amounts falling due within one year	16	(1,038)		-	
Net current assets			4,503,997		-
Total assets less current liabilities			4,504,765		-
Capital and reserves					
Called up share capital	20		768		-
Profit and loss reserves			4,503,997		-
Total equity			4,504,765		-

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,513,997 (2019 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 16 September 2020 and are signed on its behalf by:

R V Blair
Director



Company Registration No. 12091674

MOUNTSANDEL HOLDINGS LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	25	1,888,416		1,416,294	
Interest paid		(1,578)		(2,688)	
Income taxes paid		(213,780)		(308,596)	
Net cash inflow from operating activities		1,673,058		1,105,010	
Investing activities					
Purchase of tangible fixed assets		(470,125)		(250,740)	
Proceeds on disposal of tangible fixed assets		21,244		86,500	
Interest received		37,297		22,605	
Net cash used in investing activities		(411,584)		(141,635)	
Financing activities					
Payment of finance leases obligations		(16,625)		(28,500)	
Dividends paid to equity shareholders		(421,500)		(533,706)	
Net cash used in financing activities		(438,125)		(562,206)	
Net increase in cash and cash equivalents		823,349		401,169	
Cash and cash equivalents at beginning of year		4,644,371		4,243,202	
Cash and cash equivalents at end of year		5,467,720		4,644,371	

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

Company information

Mountsandel Holdings Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Ridge Moor, 5 Lakeside, Littleborough, Lancashire, OL15 0DD. The principal place of business of the group is Unit 13, Riverside Drive, Smallbridge Business Park, Rochdale, Lancashire, OL16 2SH.

The group consists of Mountsandel Holdings Ltd 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 group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated accounts have been prepared under merger accounting rules. These apply where the acquisition of a subsidiary is in the form of a group reconstruction, whereby the shareholdings of the parent company are identical to the subsidiary previously and the shares are acquired by a share for share exchange. The assets and liabilities of the subsidiary are included at their existing carrying values.

Comparative amounts have been included as though the company and group had been in existence for the whole of the previous period, even though it was only incorporated in July 2019. The company acquired the whole of the share capital of Jones & Brooks Limited in December 2020 and its own shares were issued in proportion to the shares previously held in this subsidiary. Accordingly, the consolidated financial statements were prepared as though this company and group had been in existence previously.

The consolidated financial statements incorporate those of Mountsandel Holdings Ltd 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).

All financial statements are made up to 29 February 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.

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.

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

1.4 Turnover

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

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 Tangible fixed assets

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

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

Plant and machinery	15% per annum
Fixtures, fittings and computer equipment	30% per annum
Motor vehicles	25% per annum

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 profit and loss account.

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries 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.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

1.9 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.

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

1.10 Financial instruments

Basic financial assets

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

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.

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.11 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.

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

1.12 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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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 profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset 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.

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

1.15 Leases

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

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

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

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

1.16 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the 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. These main areas of judgement that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to stock and debtor provisions and useful lives of the company's fixed assets.

3 Turnover and other revenue

	2020 £	2019 £
Other significant revenue		
Interest income	37,297	22,605
	<u> </u>	<u> </u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	7,628,342	7,691,973
Rest of Europe	674,443	606,787
	<u>8,302,785</u>	<u>8,298,760</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(850)	(1,914)
Depreciation of owned tangible fixed assets	347,248	310,468
Depreciation of tangible fixed assets held under finance leases	-	11,204
Profit on disposal of tangible fixed assets	(4,633)	(31,829)
Operating lease charges	181,846	185,101
	<u> </u>	<u> </u>

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor:		
For audit services		
Audit of the financial statements of the group and company	1,500	1,500
Audit of the financial statements of the company's subsidiaries	9,000	9,000
	<u>10,500</u>	<u>10,500</u>

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Production	42	42	-	-
Administration	18	18	2	-
Total	<u>60</u>	<u>60</u>	<u>2</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,607,784	1,636,217	-	-
Social security costs	154,310	157,785	-	-
Pension costs	193,458	181,296	-	-
	<u>1,955,552</u>	<u>1,975,298</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	154,004	180,935
Company pension contributions to defined contribution schemes	40,000	40,000
	<u>194,004</u>	<u>220,935</u>

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

8 Interest payable and similar expenses

	2020 £	2019 £
Other finance costs:		
Interest on finance leases and hire purchase contracts	1,578	2,688

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	153,527	215,670
Adjustments in respect of prior periods	(1,890)	(90)
Total current tax	151,637	215,580
Deferred tax		
Origination and reversal of timing differences	35,185	7,852
Total tax charge	186,822	223,432

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	1,347,487	1,512,487
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	256,023	287,373
Tax effect of expenses that are not deductible in determining taxable profit	380	-
Adjustments in respect of prior years	(1,890)	(90)
Effect of change in corporation tax rate	(4,140)	(925)
Research and development tax credit	(53,719)	(52,254)
Reduction in respect of patent box claims	(9,832)	(10,672)
Taxation charge	186,822	223,432

10 Dividends

	2020 £	2019 £
Interim paid	421,500	533,706

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

11 Tangible fixed assets

Group	Plant and machinery	Fixtures, fittings and computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 March 2019	7,538,558	491,672	82,780	8,113,010
Additions	467,638	2,487	-	470,125
Disposals	-	-	(48,000)	(48,000)
At 29 February 2020	8,006,196	494,159	34,780	8,535,135
Depreciation and impairment				
At 1 March 2019	5,758,907	449,393	53,709	6,262,009
Depreciation charged in the year	328,924	13,429	4,895	347,248
Eliminated in respect of disposals	-	-	(31,389)	(31,389)
At 29 February 2020	6,087,831	462,822	27,215	6,577,868
Carrying amount				
At 29 February 2020	1,918,365	31,337	7,565	1,957,267
At 28 February 2019	1,779,651	42,279	29,071	1,851,001

The company had no tangible fixed assets at 29 February 2020 or 28 February 2019.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and machinery	-	63,490	-	-

12 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	13	-	-	768	-

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

12 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 March 2019

-

Additions

768

At 29 February 2020

768

Carrying amount

At 29 February 2020

768

At 28 February 2019

-

13 Subsidiaries

Details of the company's subsidiaries at 29 February 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Jones & Brooks Limited	see below	Commercial printing	Ordinary	100.00

The registered office of the subsidiary is Unit 13, Riverside Drive, Smallbridge Business Park, Rochdale, Lancashire, OL16 2SH.

14 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	264,434	293,485	-	-
Work in progress	22,185	45,055	-	-
Finished goods and goods for resale	529,381	510,462	-	-
	<u>816,000</u>	<u>849,002</u>	<u>-</u>	<u>-</u>

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

15 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	1,248,052	1,379,626	-	-
Other debtors	-	45	-	-
Prepayments and accrued income	53,854	127,834	-	-
	<u>1,301,906</u>	<u>1,507,505</u>	<u>-</u>	<u>-</u>

16 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under finance leases	17	-	16,625	-	-
Trade creditors		563,765	515,775	-	-
Amounts owed to group undertakings		-	-	100	-
Corporation tax payable		153,527	215,670	938	-
Other taxation and social security		232,622	218,471	-	-
Other creditors		112,466	166,556	-	-
Accruals and deferred income		148,717	161,336	-	-
		<u>1,211,097</u>	<u>1,294,433</u>	<u>1,038</u>	<u>-</u>

17 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	-	16,625	-	-
	<u>-</u>	<u>16,625</u>	<u>-</u>	<u>-</u>

Net obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

18 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	266,831	231,659
Short term timing differences	(82)	(95)
	<u>266,749</u>	<u>231,564</u>

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 March 2019	231,564	-
Charge to profit or loss	35,185	-
	<u>266,749</u>	<u>-</u>
Liability at 29 February 2020		

There is unlikely to be any significant reversal of the deferred tax balance in the forthcoming 12 months.

19 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	193,458	181,296

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

20 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
751 Ordinary shares of £1 each	751	751
17 Ordinary A to Q shares of £1 each	17	17
	<u>768</u>	<u>768</u>

The comparative amounts above refer to the group only. The company was incorporated in July 2019 and therefore there is no comparative amount.

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

21 Operating lease commitments

Lessee

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	178,476	174,385	-	-
Between two and five years	4,991	170,000	-	-
	<u>183,467</u>	<u>344,385</u>	<u>-</u>	<u>-</u>

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Acquisition of tangible fixed assets	-	403,000	-	-
	<u>-</u>	<u>403,000</u>	<u>-</u>	<u>-</u>

23 Related party transactions

Transactions with related parties

During the year the group paid contributions amounting to £152,500 (2019 - £152,500) to the subsidiary company pension scheme, of which the directors are trustees and members.

During the year the group paid rent amounting to £170,000 (2019 - £170,000) to the subsidiary company pension scheme, of which the directors are trustees and members.

At the year end, amounts owed to directors totalled Nil (2019 - £10,000).

During the year dividends of £421,500 (2019 - £533,706) were paid to a family trust of which the directors are trustees.

24 Controlling party

Ultimate control is held by R V and H J Blair.

MOUNTSANDEL HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

25 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	1,160,665	1,289,055
Adjustments for:		
Taxation charged	186,822	223,432
Finance costs	1,578	2,688
Investment income	(37,297)	(22,605)
Gain on disposal of tangible fixed assets	(4,633)	(31,829)
Depreciation and impairment of tangible fixed assets	347,248	321,672
Movements in working capital:		
Decrease/(increase) in stocks	33,002	(99,652)
Decrease/(increase) in debtors	205,599	(165,360)
Decrease in creditors	(4,568)	(101,107)
Cash generated from operations	1,888,416	1,416,294

26 Analysis of changes in net funds - group

	1 March 2019 £	Cash flows £	29 February 2020 £
Cash at bank and in hand	4,644,371	823,349	5,467,720
Obligations under finance leases	(16,625)	16,625	-
	4,627,746	839,974	5,467,720

27 Analysis of changes in net funds - company

	1 March 2019 £	Cash flows £	29 February 2020 £
Cash at bank and in hand	-	4,505,035	4,505,035