

Company registration number 12505379 (England and Wales)

AANCO HOLDINGS LIMITED
GROUP ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

AANCO HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr BJ Gaunt Mr AR Gaunt Mr AR Gaunt Mr CS Wann	(Appointed 2 March 2021) (Appointed 1 October 2021)
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Company number	12505379
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Registered office	Wellington House Wynyard Avenue Wynyard Billingham TS22 5TB
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Auditor	Davies Tracey Swan House Westpoint Road Teesdale Business Park Stockton on Tees TS17 6BP
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AANCO HOLDINGS LIMITED

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AANCO HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Fair review of the business

The principal activities of the group are design and manufacture of Aluminium Bi-folding doors and Roof Lanterns for sale to trade partners nationally under the trading name of 'Made For Trade' and the Korniche brand.

In 2021 the business benefitted from exceptional trading conditions post Covid, with turnover increasing in the year by almost £8.5m (or 30.6%) to £36.1m. The gross margin of the group increased to 32% helped by the favourable trading conditions and continued success of the Korniche branded lantern. The net effect of the rise in turnover was an increase in gross profits of £3.2m to £11.4m. Marketing costs increased in the year as did fleet costs to support the commercial growth. The net effect of the above was an increase in profits before tax of £2.2m to £6.9m.

After deducting a tax charge of £0.6m and paying dividends of £0.8m, the group retained profits of £5.5m and net assets increased to £10.5m. Cash fell slightly by £0.4m and net current assets rose by £5.1m to stand at £7.2m and £7.4m, respectively, at balance sheet date.

Key Performance Indicators

The directors consider the following to be key performance indicators:

	2021	2020
	£	£
Gross profit	11,417,835	8,260,391
Profit before tax	6,934,345	4,685,956

Within the year the business added a further manufacturing unit giving capacity for further growth.

Principal risks and uncertainties

The uncertain economic outlook for the UK market and reducing consumer confidence is likely to lead to a reduction in market size in the second half of 2022. The directors believe that the group is well placed to grow market share with the addition to the range of the Korniche branded bifold door but the level of growth seen in 2021 is unlikely to be repeated. However the directors expect the group to continue to trade profitably for the foreseeable future.

On behalf of the board

Mr BJ Gaunt
Director

17 August 2022

AANCO HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £702,667. and A Ordinary dividends were paid amounting to £95,911. The directors do not recommend payment of a further dividend.

Directors

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

Mr BJ Gaunt

Mr AR Gaunt

Mr AR Gaunt

(Appointed 2 March 2021)

Mr CS Wann

(Appointed 1 October 2021)

Research and development

The group continues to invest with further expansion of the R&D department for future invention and design.

Future developments

Since 2016 the in house designed Korniche Aluminium Roof Lantern has grown rapidly, becoming the market leading product and winning many industry awards. The new in house innovatively designed Korniche Bi-folding Door has continued to receive excellent feedback wherever it has been exhibited with ground breaking design innovations having a real impact.

As a result of the launch of the Korniche Bi-folding door the Smart Bi-folding door will be discontinued in summer 2022, as will the Smart Patio door. Sales of the patio door had not matched our expectations but the excellent Hartlepool facility will be repurposed for product(s) currently going through development.

The group is actively seeking to grow and improve its business and has improved customer service by integrating the delivery of glass and lanterns into the in-house distribution.

The directors are pleased with the group's progress to date and are confident that the enlarged manufacturing and distributing capabilities, aligned with new group designed products, will have a positive impact going forward.

AANCO HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 ;
- prepare the 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

Mr BJ Gaunt
Director

17 August 2022

AANCO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AANCO HOLDINGS LIMITED

Opinion

We have audited the financial statements of Aanco Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

AANCO HOLDINGS LIMITED

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

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 the extent to which an audit conducted under ISAs (UK) is capable of detecting irregularity, including fraud. Our procedures include:

- obtaining an understanding of the legal and regulatory frameworks applicable to the group and company, such as the Companies Act 2006;
- obtaining an understanding of how the group and company complies with the applicable legal and regulatory frameworks;
- assessing the susceptibility of the group's and company's financial statements to material misstatement, including how fraud might occur, with audit procedures including reviewing internal controls, testing supporting documentation, enquiring of group and company management and obtaining written confirmation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

AANCO HOLDINGS LIMITED

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

Use of our report

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

Christopher Neasham (Senior Statutory Auditor)

For and on behalf of Davies Tracey

Chartered Accountants and Statutory Auditors

Swan House

Westpoint Road

Teesdale Business Park

Stockton on Tees

TS17 6BP

17 August 2022

AANCO HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover		36,128,724	27,648,346
Other operating income		447,077	610,838
Raw materials and consumables		(19,777,544)	(15,267,554)
Staff costs	5	(4,933,345)	(4,544,844)
Depreciation	3	(1,047,987)	(811,017)
Other operating expenses		(3,862,932)	(2,940,004)
Operating profit	3	6,953,993	4,695,765
Interest receivable and similar income	7	2,906	6,117
Interest payable and similar expenses	8	(22,554)	(15,926)
Profit before taxation		6,934,345	4,685,956
Tax on profit	9	(622,064)	(556,005)
Profit for the financial year		6,312,281	4,129,951

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.

AANCO HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	11	194,372		195,724	
Tangible assets	12	4,174,226		3,687,279	
			4,368,598		3,883,003
Current assets					
Stocks	15	4,352,823		2,524,155	
Debtors	16	2,401,396		2,450,191	
Cash at bank and in hand		7,240,489		7,683,714	
			13,994,708		12,658,060
Creditors: amounts falling due within one year	17	(6,576,611)		(10,323,340)	
Net current assets			7,418,097		2,334,720
Total assets less current liabilities			11,786,695		6,217,723
Creditors: amounts falling due after more than one year	18	(483,522)		(578,478)	
Provisions for liabilities					
Deferred tax liability	20	633,311		399,896	
			(633,311)		(399,896)
Deferred income	21		(122,650)		(139,640)
Net assets			10,547,212		5,099,709
Capital and reserves					
Called up share capital	23	15,000		15,000	
Share premium account		750		-	
Other reserves		(5,161,950)		(5,095,000)	
Profit and loss reserves		15,693,412		10,179,709	
Total equity			10,547,212		5,099,709

The financial statements were approved by the board of directors and authorised for issue on 17 August 2022 and are signed on its behalf by:

Mr BJ Gaunt
Director

AANCO HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	13		5,181,950		5,115,000
Current assets			-		-
Creditors: amounts falling due within one year	17	(5,166,950)		(5,100,000)	
Net current liabilities			(5,166,950)		(5,100,000)
Net assets			15,000		15,000
Capital and reserves					
Called up share capital	23		15,000		15,000

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 £702,667 (2020 - £786,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 17 August 2022 and are signed on its behalf by:

Mr BJ Gaunt
Director

Company Registration No. 12505379

AANCO HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 January 2020		20,000	-	-	6,847,758	6,867,758
Year ended 31 December 2020:						
Profit and total comprehensive income for the year		-	-	-	4,129,951	4,129,951
Dividends	10	-	-	-	(798,000)	(798,000)
Reduction of shares	23	(5,000)	-	-	-	(5,000)
Other movements		-	-	(5,095,000)	-	(5,095,000)
Balance at 31 December 2020		15,000	-	(5,095,000)	10,179,709	5,099,709
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	6,312,281	6,312,281
Issue of share capital	23	-	750	-	-	750
Dividends	10	-	-	-	(798,578)	(798,578)
Other movements		-	-	(66,950)	-	(66,950)
Balance at 31 December 2021		15,000	750	(5,161,950)	15,693,412	10,547,212

AANCO HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2020		-	-	-
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	786,000	786,000
Issue of share capital	23	15,000	-	15,000
Dividends	10	-	(786,000)	(786,000)
Balance at 31 December 2020		15,000	-	15,000
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	702,667	702,667
Dividends	10	-	(702,667)	(702,667)
Balance at 31 December 2021		15,000	-	15,000

AANCO HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	30	7,552,312		4,900,651	
Interest paid		(22,554)		(15,926)	
Income taxes paid		(744,486)		(202,565)	
Net cash inflow from operating activities		<u>6,785,272</u>		<u>4,682,160</u>	
Investing activities					
Purchase of intangible assets		(106,985)		(91,033)	
Proceeds from disposal of intangibles		45,899		-	
Purchase of tangible fixed assets		(1,381,357)		(681,686)	
Proceeds from disposal of tangible fixed assets		72,000		438,637	
Purchase of subsidiaries, net of cash acquired		(4,804,950)		(362,000)	
Grant received		-		160,000	
Interest received		2,906		6,117	
Net cash used in investing activities		<u>(6,172,487)</u>		<u>(529,965)</u>	
Financing activities					
Proceeds from issue of shares		750		-	
Repayment of bank loans		-		(163,677)	
Payment of finance leases obligations		(258,182)		(236,289)	
Dividends paid to equity shareholders		(798,578)		(798,000)	
Net cash used in financing activities		<u>(1,056,010)</u>		<u>(1,197,966)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(443,225)</u>		<u>2,954,229</u>	
Cash and cash equivalents at beginning of year		7,683,714		4,729,485	
Cash and cash equivalents at end of year		<u><u>7,240,489</u></u>		<u><u>7,683,714</u></u>	

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Aanco Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Wellington House, Wynyard Avenue, Wynyard, Billingham, TS22 5TB.

The group consists of Aanco Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Business combinations

Acquisitions are accounted for using merger accounting where appropriate.

During the year ended 31 December 2020 the group underwent a reconstruction. Aanco Holdings Limited acquired 100% of the shares in Aanco (UK) Limited with 75% of the shares being acquired by way of a share for share exchange and 25% for cash. Although this reconstruction did not meet the merger accounting criteria under Financial Reporting Standard 102 and the Companies Act 2006, the acquisition has been accounted for using merger accounting.

The consolidated financial statements have been presented as if Aanco Holdings Limited and Aanco (UK) Limited had always been part of the group. If the acquisition method had been used, goodwill on acquisition (estimated to be roughly £13m) would have been recognised in the consolidated balance sheet with a related amortisation charge (estimated to be roughly £1.3m per annum). As a result, net assets as shown in the consolidated balance sheet as at 31 December 2021 would have been higher than as shown using merger accounting (by an amount estimated to be roughly £10.7m). Consolidated profit after taxation in the year ended 31 December 2021 using the acquisition method would have been roughly £1.3m lower compared to using merger accounting.

The directors consider that this departure from the provisions of Financial Reporting Standard 102 and the Companies Act 2006 is necessary in order for the consolidated financial statements to give a true and fair view. The consolidated financial statements have been prepared in accordance with Financial Reporting Standard 102 and the Companies Act 2006 in all other respects.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Aanco Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. 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.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

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

1.5 Turnover

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

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

1.6 Research and development expenditure

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

1.7 Intangible fixed assets other than goodwill

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

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

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

Software	- 5 years
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AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 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:

Freehold land and buildings	20% on cost on buildings
Leasehold improvements	in accordance with the lease
Plant and equipment	15% on cost
Office Equipment	15% - 33% on cost
Motor vehicles	15% - 20% on cost
Showsite	10% - 20% on cost

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.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

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

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

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

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

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

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

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.10 Stocks

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

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

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.

1.11 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

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

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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.

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 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.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.18 Foreign exchange

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

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.

3 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(29,742)	8,132
Government grants	(46,669)	(436,483)
Depreciation of owned tangible fixed assets	681,164	546,197
Depreciation of tangible fixed assets held under finance leases	223,375	129,875
Loss on disposal of tangible fixed assets	81,010	89,006
Amortisation of intangible assets	60,899	45,939
Loss on disposal of intangible assets	1,539	-
Operating lease charges	728,592	494,460
	<u> </u>	<u> </u>

4 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,500	5,000
Audit of the financial statements of the company's subsidiaries	7,500	7,000
	<u> </u>	<u> </u>
	<u>11,000</u>	<u>12,000</u>

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Production	149	122	-	-
Administration	48	54	-	-
Distribution	10	10	-	-
Directors	2	3	-	-
Total	209	189	-	-

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	4,474,415	4,137,241	-	-
Social security costs	362,706	325,748	-	-
Pension costs	96,224	81,855	-	-
	4,933,345	4,544,844	-	-

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	44,901	20,996
Company pension contributions to defined contribution schemes	4,424	4,000
	49,325	24,996

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	535	3,552
Other interest income	2,371	2,565
Total income	2,906	6,117

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Other finance costs:		
Interest on finance leases and hire purchase contracts	22,554	15,926
	<u>22,554</u>	<u>15,926</u>

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	692,458	589,625
Adjustments in respect of prior periods	(303,809)	(150,736)
	<u>388,649</u>	<u>438,889</u>
Deferred tax		
Origination and reversal of timing differences	233,415	117,116
	<u>233,415</u>	<u>117,116</u>
Total tax charge	<u>622,064</u>	<u>556,005</u>

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

	2021	2020
	£	£
Profit before taxation	6,934,345	4,685,956
	<u>6,934,345</u>	<u>4,685,956</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,317,526	890,332
Tax effect of expenses that are not deductible in determining taxable profit	23,433	51,059
Adjustments in respect of prior years	(303,809)	(150,736)
Effect of change in corporation tax rate	151,994	-
Permanent capital allowances in excess of depreciation	(19,584)	-
Deferred tax adjustments in respect of prior years	(31,281)	-
	<u>(516,215)</u>	<u>(234,650)</u>
Taxation charge	<u>622,064</u>	<u>556,005</u>

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Interim paid - Ordinary shares	702,667	786,000
Interim paid - A Ordinary shares	95,911	-
	<u>798,578</u>	<u>786,000</u>

11 Intangible fixed assets

Group	Software £
Cost	
At 1 January 2021	264,100
Additions	106,985
Disposals	(51,197)
At 31 December 2021	<u>319,888</u>
Amortisation and impairment	
At 1 January 2021	68,376
Amortisation charged for the year	60,899
Disposals	(3,759)
At 31 December 2021	<u>125,516</u>
Carrying amount	
At 31 December 2021	<u>194,372</u>
At 31 December 2020	<u>195,724</u>

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold improvements	Plant and equipment	Office equipment	Motor vehicles	Showsite	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2021	-	1,248,862	2,757,734	313,350	1,151,829	40,733	5,512,508
Additions	121,925	343,870	628,571	149,125	301,005	-	1,544,496
Disposals	-	(95,204)	(357,646)	(163,537)	(139,005)	(40,733)	(796,125)
Transfers	-	(59,526)	59,526	-	-	-	-
At 31 December 2021	121,925	1,438,002	3,088,185	298,938	1,313,829	-	6,260,879
Depreciation and impairment							
At 1 January 2021	-	275,782	991,957	244,676	272,081	40,733	1,825,229
Depreciation charged in the year	10,160	157,752	445,967	52,652	238,008	-	904,539
Eliminated in respect of disposals	-	(79,716)	(251,638)	(142,954)	(128,074)	(40,733)	(643,115)
Transfers	-	(7,290)	7,290	-	-	-	-
At 31 December 2021	10,160	346,528	1,193,576	154,374	382,015	-	2,086,653
Carrying amount							
At 31 December 2021	111,765	1,091,474	1,894,609	144,564	931,814	-	4,174,226
At 31 December 2020	-	973,080	1,765,777	68,674	879,748	-	3,687,279

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

(Continued)

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and equipment	72,159	169,944	-	-
Motor vehicles	715,383	749,415	-	-
	<u>787,542</u>	<u>919,359</u>	<u>-</u>	<u>-</u>

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	5,181,950	5,115,000

Movements in fixed asset investments

Company

Shares in
subsidiaries
£

Cost or valuation

At 1 January 2021

5,115,000

Additions

66,950

At 31 December 2021

5,181,950

Carrying amount

At 31 December 2021

5,181,950

At 31 December 2020

5,115,000

In April 2021 Aanco Holdings Limited acquired 100% of the Ordinary shares of Aanco Group Limited. The acquisition has been accounted for using merger accounting. The nominal value of the consideration amounted to £86,950 comprising payments of £66,950 and a share for share exchange of £20,000. The premium of £66,950 has been debited to a Reconstruction reserve.

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Aanco Group Limited	Wellington House, Wynyard Avenue, Wynyard, Billingham TS22 5TB	Ordinary	100.00	-
Aanco (UK) Limited	Wellington House, Wynyard Avenue, Wynyard, Billingham TS22 5TB	Ordinary	0	100.00

15 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	4,352,823	2,524,155	-	-

16 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	2,146,032	2,295,346	-	-
Corporation tax recoverable	35,809	-	-	-
Other debtors	19,233	2,232	-	-
Prepayments and accrued income	200,322	152,613	-	-
	2,401,396	2,450,191	-	-

17 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Obligations under finance leases	19	232,876	232,963	-	-
Trade creditors		3,579,272	3,427,910	-	-
Amounts owed to group undertakings		-	-	5,166,950	362,000
Corporation tax payable		-	320,028	-	-
Other taxation and social security		329,968	629,010	-	-
Other creditors		70,107	5,253,286	-	4,738,000
Accruals and deferred income		2,364,388	460,143	-	-
		6,576,611	10,323,340	5,166,950	5,100,000

Obligations under finance leases are secured against the assets to which they relate.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Obligations under finance leases	19	483,522	578,478	-	-

Obligations under finance leases are secured against the assets to which they relate.

19 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	250,234	253,006	-	-
In two to five years	502,828	604,876	-	-
	753,062	857,882	-	-
Less: future finance charges	(36,664)	(46,441)	-	-
	716,398	811,441	-	-

20 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	635,177	401,813
Other timing differences	(1,866)	(1,917)
	633,311	399,896

The company has no deferred tax assets or liabilities.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Deferred taxation (Continued)

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 January 2021	399,896	-
Charge to profit or loss	117,010	-
Effect of change in tax rate - profit or loss	116,405	-
Liability at 31 December 2021	633,311	-

21 Deferred income

	Group 2021 £	2020 £	Company 2021 £	2020 £
Other deferred income	122,650	139,640	-	-

22 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	96,224	81,855

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.

23 Share capital

Group and company	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	15,000	15,000	15,000	15,000

In addition to the above, 150 A Ordinary shares of 0.01p each were allotted, issued and fully paid by Aanco Group Limited during the year. Consideration was cash of £5 per share.

The A Ordinary shares are non-voting and carry conditions and restrictions over their disposal and any return of capital. Different rates of dividend may be declared in respect of the different classes of share.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Financial commitments, guarantees and contingent liabilities

The group guarantees its products for up to ten years. Rectification work is considered to be an ongoing charge but the group accepts that it has contingent liability to carry out this work. The value of this liability cannot be ascertained with any accuracy but the group's past experience of rectification work indicates that it will not be material to the reading of these financial statements and therefore no provision has been made.

Grants receivable may be repayable in part or in full if certain conditions associated with the grants are not met.

25 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 2021 £	2020 £	Company 2021 £	2020 £
Within one year	604,047	234,013	-	-
Between two and five years	1,265,703	911,063	-	-
	<u>1,869,750</u>	<u>1,145,076</u>	<u>-</u>	<u>-</u>

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Acquisition of tangible fixed assets	<u>19,976</u>	<u>138,750</u>	<u>-</u>	<u>-</u>

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>94,444</u>	<u>179,441</u>

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

27 Related party transactions

(Continued)

Transactions with related parties

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

	Purchases 2021 £	Purchases 2020 £
Group		
Other related parties	27,498	153,002

	Dividends paid 2021 £	Dividends paid 2020 £
Group		
Key management personnel	95,911	-

Company

Entities with control, joint control or significant influence over the company	702,667	786,000
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The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021 £	2020 £
Group		
Entities with control, joint control or significant influence over the group	(6,928)	(7,555)
Company		
Entities with control, joint control or significant influence over the company	-	(4,738,000)

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021 Balance £	2020 Balance £
Group		
Entities with control, joint control or significant influence over the group	3,828	-
Other related parties	6,334	-

28 Directors' transactions

During the year the company made advances to directors of £6,841 and £3,012 was repaid by the directors (2020 - £151,881 and £157,718 respectively). Interest where applicable was charged at 2.5% per annum. All amounts were repayable on demand.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Controlling party

The controlling party is Mr B Gaunt.

30 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	6,312,281	4,129,951
Adjustments for:		
Taxation charged	622,064	556,005
Finance costs	22,554	15,926
Investment income	(2,906)	(6,117)
Loss on disposal of tangible fixed assets	81,010	89,006
Loss on disposal of intangible assets	1,539	-
Amortisation and impairment of intangible assets	60,899	45,939
Depreciation and impairment of tangible fixed assets	904,539	676,072
Decrease in deferred income	(16,990)	(20,360)
Movements in working capital:		
Increase in stocks	(1,828,668)	(560,909)
Decrease/(increase) in debtors	84,604	(603,379)
Increase in creditors	1,311,386	578,517
Cash generated from operations	7,552,312	4,900,651

31 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	New finance leases £	31 December 2021 £
Cash at bank and in hand	7,683,714	(443,225)	-	7,240,489
Obligations under finance leases	(811,441)	258,182	(163,139)	(716,398)
	<u>6,872,273</u>	<u>(185,043)</u>	<u>(163,139)</u>	<u>6,524,091</u>

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