

**Group Strategic Report, Report of the Directors and
Audited Consolidated Financial Statements for the Year Ended 31 December 2020
for
Aanco Holdings Limited**

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Consolidated Income Statement	8
Consolidated Other Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Cash Flow Statement	14
Notes to the Consolidated Cash Flow Statement	15
Notes to the Consolidated Financial Statements	16

DIRECTORS:

A Richard Gaunt
B Gaunt
Ashley R Gaunt

REGISTERED OFFICE:

Wellington House Wynyard Avenue
Wynyard
Billingham
TS22 5TB

REGISTERED NUMBER:

12505379 (England and Wales)

AUDITORS:

Davies Tracey
Swan House
Westpoint Road
Teesdale Business Park
Stockton on Tees
TS17 6BP

**Group Strategic Report
for the Year Ended 31 December 2020**

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

REVIEW OF BUSINESS

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

Under these products the group's business continues to grow, with turnover increasing in the year by almost £1.7m (or 6.3%) to £27.7m. The gross margin of the group was maintained at 29%. The net effect of the rise in turnover was an increase in gross profits of £0.6m to £8.2m. Despite this growth overheads remained static at £3.6m. The net effect of the above was an increase to in profits before tax of £0.6m to £4.7m.

After deducting a tax charge of £556,000 and paying dividends of £798,000, the group retained profits of £3.3m. Group net assets decreased by £1.8m following a reduction in share capital during the year. Cash rose by £3.0m and net current assets fell by £1.5m to stand at £7.7m and £2.3m, respectively, at balance sheet date.

Key Performance Indicators

The directors consider the following to be key performance indicators:

	2020	2019
	£	£
Gross profit	8,260,391	7,628,866
Profit before tax	<u>4,685,956</u>	<u>4,008,256</u>

After effectively losing 2 months (April / May) Sales and Production, improved turnover and profitability has been achieved, which the directors see continuing.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors expect that the group will continue to trade profitably for the foreseeable future. The disruption that the Covid epidemic has caused to world trade is a concern. Material shortages and delivery issues are expected which may impact in the coming months with price increases expected. However the directors expect the group to continue to trade profitably for the foreseeable future.

ON BEHALF OF THE BOARD:

B Gaunt - Director

29 September 2021

**Report of the Directors
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

DIVIDENDS

Interim dividends totalling £798,000 were declared during the year. The directors recommend that no final dividend be paid.

RESEARCH AND DEVELOPMENT

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

FUTURE DEVELOPMENTS

2020 has seen the in house designed Korniche Aluminium Roof Lantern take the market by storm, weekly sales are growing at pace and, with the group's aggressive marketing achieving real prominence, quickly becoming the market leading brand and winning many industry awards.

Sales of the Smart Aluminium Bi-folding Door have been really impressive too in an ever more competitive market. Since unveiling the new in house innovatively designed Korniche Bi-folding Door to the market, sales of this new door featuring many ground breaking design innovations are increasing week on week with the most positive feed back. The group's expectations are that it will make a real impact on turnover and profitability in the coming years.

The group continues to add to its product range with the addition of the Smart Aluminium Patio door which is being manufactured at a new 50,000 sq ft production space in nearby Hartlepool close to the A19 motorway. This addition complements the already successful Korniche Aluminium Lantern and Bi-folding door.

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

DIRECTORS

The directors who have held office during the period from 1 January 2020 to the date of this report are as follows:

A Richard Gaunt - appointed 9 March 2020

B Gaunt - appointed 10 March 2020

Ashley R Gaunt was appointed as a director after 31 December 2020 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Report of the Directors
for the Year Ended 31 December 2020**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

B Gaunt - Director

29 September 2021

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 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 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 of the parent company affairs as at 31 December 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 the 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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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 the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 Group Strategic Report or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page three, 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 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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
Swan House
Westpoint Road
Teesdale Business Park
Stockton on Tees
TS17 6BP

29 September 2021

**Consolidated Income Statement
for the Year Ended 31 December 2020**

		2020		2019	
	Notes	£	£	£	£
TURNOVER		27,648,346			26,000,361
Other operating income		<u>610,838</u>		<u>212,782</u>	
		28,259,184			26,213,143
Raw materials and consumables		<u>15,267,554</u>		<u>14,910,817</u>	
		12,991,630			11,302,326
Staff costs	4	4,544,844		3,815,336	
Depreciation, amortisation and adjustments for disposals		811,017		479,364	
Other operating expenses		<u>2,940,004</u>		<u>2,987,169</u>	
		8,295,865			7,281,869
		4,695,765			4,020,457
Interest receivable and similar income		<u>6,117</u>		<u>9,885</u>	
		4,701,882			4,030,342
Interest payable and similar expenses	5	<u>15,926</u>		<u>22,085</u>	
PROFIT BEFORE TAXATION	6	4,685,956			4,008,257
Tax on profit	7	<u>556,005</u>		<u>579,090</u>	
PROFIT FOR THE FINANCIAL YEAR		4,129,951		3,429,167	
Profit attributable to:					
Owners of the parent		<u>4,129,951</u>		<u>3,429,167</u>	

The notes form part of these financial statements

**Consolidated Other Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		4,129,951	3,429,167
OTHER COMPREHENSIVE INCOME			
Share acquisition		(5,095,000)	-
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(5,095,000)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(965,049)	3,429,167
Total comprehensive income attributable to: Owners of the parent		<u>(965,049)</u>	<u>3,429,167</u>

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Intangible assets	10		195,724		150,630
Tangible assets	11		3,687,279		3,420,380
Investments	12		-		-
			<u>3,883,003</u>		<u>3,571,010</u>
CURRENT ASSETS					
Stocks	13	2,524,155		1,963,246	
Debtors	14	2,450,191		1,846,812	
Cash at bank and in hand		<u>7,683,714</u>		<u>4,729,485</u>	
		12,658,060		8,539,543	
CREDITORS					
Amounts falling due within one year	15	<u>10,323,340</u>		<u>4,691,719</u>	
NET CURRENT ASSETS			<u>2,334,720</u>		<u>3,847,824</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,217,723</u>		<u>7,418,834</u>
CREDITORS					
Amounts falling due after more than one year	16		(578,478)		(268,296)
PROVISIONS FOR LIABILITIES	20		(399,896)		(282,780)
ACCRUALS AND DEFERRED INCOME	21		(139,640)		-
NET ASSETS			<u>5,099,709</u>		<u>6,867,758</u>
CAPITAL AND RESERVES					
Called up share capital	22		15,000		20,000
Reconstruction reserve	23		(5,095,000)		-
Retained earnings	23		<u>10,179,709</u>		<u>6,847,758</u>
SHAREHOLDERS' FUNDS			<u>5,099,709</u>		<u>6,867,758</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2021 and were signed on its behalf by:

B Gaunt - Director

Company Balance Sheet
31 December 2020

		2020		2019	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		-		-
Investments	12		<u>5,115,000</u>		<u>-</u>
			<u>5,115,000</u>		<u>-</u>
CREDITORS					
Amounts falling due within one year	15	<u>5,100,000</u>		<u>-</u>	
NET CURRENT LIABILITIES			<u>(5,100,000)</u>		<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,000</u>		<u>-</u>
CAPITAL AND RESERVES					
Called up share capital	22		<u>15,000</u>		<u>-</u>
SHAREHOLDERS' FUNDS			<u>15,000</u>		<u>-</u>
Company's profit for the financial year			<u>786,000</u>		<u>-</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2021 and were signed on its behalf by:

B Gaunt - Director

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Reconstruction reserve £	Total equity £
Balance at 1 January 2019	20,000	4,186,591	-	4,206,591
Changes in equity				
Profit for the year	-	3,429,167	-	3,429,167
Total comprehensive income	-	3,429,167	-	3,429,167
Dividends	-	(768,000)	-	(768,000)
Balance at 31 December 2019	20,000	6,847,758	-	6,867,758
Changes in equity				
Profit for the year	-	4,129,951	-	4,129,951
Other comprehensive income	-	-	(5,095,000)	(5,095,000)
Total comprehensive income	-	4,129,951	(5,095,000)	(965,049)
Dividends	-	(798,000)	-	(798,000)
Issue of share capital	(5,000)	-	-	(5,000)
Balance at 31 December 2020	15,000	10,179,709	(5,095,000)	5,099,709

Company Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Profit for the year	-	-	-
Balance at 31 December 2019	-	-	-
Changes in equity			
Profit for the year	-	786,000	786,000
Total comprehensive income	-	786,000	786,000
Dividends	-	(786,000)	(786,000)
Issue of share capital	15,000	-	15,000
Balance at 31 December 2020	15,000	-	15,000

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2020**

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	4,900,651	4,561,382
Interest paid		-	(6,631)
Interest element of hire purchase payments paid		(15,926)	(15,454)
Tax paid		(202,565)	(1,022,348)
Net cash from operating activities		<u>4,682,160</u>	<u>3,516,949</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(91,033)	(56,873)
Purchase of tangible fixed assets		(681,686)	(2,153,749)
Purchase of fixed asset investments		(362,000)	-
Sale of tangible fixed assets		438,637	-
Grant received		160,000	-
Interest received		6,117	9,885
Net cash from investing activities		<u>(529,965)</u>	<u>(2,200,737)</u>
Cash flows from financing activities			
Loan repayments in year		(163,677)	(23,012)
Hire purchase capital repayments in year		(236,289)	(189,494)
Equity dividends paid		(798,000)	(768,000)
Net cash from financing activities		<u>(1,197,966)</u>	<u>(980,506)</u>
Increase in cash and cash equivalents		<u>2,954,229</u>	<u>335,706</u>
Cash and cash equivalents at beginning of year	2	<u>4,729,485</u>	<u>4,393,779</u>
Cash and cash equivalents at end of year	2	<u><u>7,683,714</u></u>	<u><u>4,729,485</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2020**
1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit before taxation	4,685,956	4,008,257
Depreciation charges	722,011	479,364
Loss on disposal of fixed assets	89,006	-
Finance costs	15,926	22,085
Finance income	(6,117)	(9,885)
	<u>5,506,782</u>	<u>4,499,821</u>
Increase in stocks	(560,909)	(409,524)
Increase in trade and other debtors	(603,379)	(844,641)
Increase in trade and other creditors	558,157	1,315,726
Cash generated from operations	<u>4,900,651</u>	<u>4,561,382</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>7,683,714</u>	<u>4,729,485</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>4,729,485</u>	<u>4,393,779</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20	Cash flow	Other non-cash changes	At 31.12.20
	£	£	£	£
Net cash				
Cash at bank and in hand	<u>4,729,485</u>	<u>2,954,229</u>		<u>7,683,714</u>
	<u>4,729,485</u>	<u>2,954,229</u>		<u>7,683,714</u>
Debt				
Finance leases	(258,802)	236,289	(788,928)	(811,441)
Debts falling due within 1 year	(23,700)	23,700	-	-
Debts falling due after 1 year	(139,977)	139,977	-	-
	<u>(422,479)</u>	<u>399,966</u>	<u>(788,928)</u>	<u>(811,441)</u>
Total	<u>4,307,006</u>	<u>3,354,195</u>	<u>(788,928)</u>	<u>6,872,273</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

Aanco Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £1.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and its subsidiary undertakings. These are adjusted, where appropriate, to conform to group accounting policies. The results of the subsidiary companies have been consolidated on a line by line basis.

During the year 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 does 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 comprised the group. If the acquisition method had been used, goodwill on acquisition (estimated to be roughly £20 million) would have been recognised in the consolidated balance sheet with a related amortisation charge (estimated to be roughly £2 million) in the period ended 31 December 2020. As a result, net assets as shown in the consolidated balance sheet as at 31 December 2020 would have been higher than as shown using merger accounting (by an amount estimated to be roughly £18 million). Consolidated profit after taxation in the period ended 31 December 2020 using the acquisition method would have been roughly £2 million compared to the £4.2 million 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.

Turnover

The company's turnover represents the value of goods and services supplied to customers during the year, exclusive of value added tax.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of five years.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost on buildings
Short leasehold land & buildings	- in accordance with the lease
Showsite	- 10% - 20% on cost
Plant and machinery	- 15% on cost
Motor vehicles	- 20% on cost
Office Equipment	- 15% - 33% on cost

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Government grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them.

Grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Revenue grants are recognised in the profit and loss account using the performance or accrual model as appropriate.

Coronavirus Job Retention Scheme grants are accounted for on accruals basis and are included within Other operating income.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated on a first-in, first-out basis.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Establishing useful economic lives of tangible fixed assets for depreciation purposes

The annual depreciation charge depends primarily on the estimated useful economic lives which is changed as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of assets concerned. Changes in asset useful lives can have a significant impact on depreciation charges for the period. Details of the depreciation policies based on estimated useful economic lives are included in accounting policies (see above).

Likelihood of occurrence of provisions and contingent liabilities

Events can occur where there is uncertainty over future obligations. Judgement is required to determine if an outflow of economic resources is probable, or possible but not probable. Where it is probable, a liability is recognised and further judgement is used to determine the level of the provision. Where it is possible but not probable, further judgement is used to determine if the likelihood is remote, in which case no disclosures are made. If the likelihood is not remote then judgement is used to determine the contingent liability disclosed.

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	4,137,241	3,482,518
Social security costs	325,748	262,591
Other pension costs	81,855	70,227
	<u>4,544,844</u>	<u>3,815,336</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020
4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2020	2019
Production	122	111
Administration	54	50
Distribution	10	-
Directors	3	3
	<u>189</u>	<u>164</u>

	2020	2019
	£	£
Directors' remuneration	20,996	25,925
Directors' pension contributions to money purchase schemes	<u>4,000</u>	<u>10,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank loan interest	-	6,631
Hire purchase interest	<u>15,926</u>	<u>15,454</u>
	<u>15,926</u>	<u>22,085</u>

6. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2020	2019
	£	£
Hire of plant and machinery	12,261	9,099
Other operating leases	482,199	338,373
Depreciation - owned assets	546,197	341,854
Depreciation - assets on hire purchase contracts	129,875	119,110
Loss on disposal of fixed assets	89,006	-
Computer software amortisation	45,939	18,400
Auditors' remuneration	5,000	3,000
Auditors' remuneration - other services	7,000	-
Foreign exchange differences	8,132	(13,846)
Coronavirus Job Retention Scheme grants	<u>(453,843)</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	589,625	493,704
Over provision in prior year	(150,736)	(78,552)
Total current tax	438,889	415,152
Deferred tax	117,116	163,938
Tax on profit	556,005	579,090

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	4,685,956	4,008,257
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	890,332	761,569
Effects of:		
Expenses not deductible for tax purposes	51,059	15,124
Adjustments to tax charge in respect of previous periods	(150,736)	(78,552)
Enhanced expenditure	(234,650)	(119,051)
Total tax charge	556,005	579,090

Tax effects relating to effects of other comprehensive income

	2020 Gross £	2020 Tax £	Net £
Share acquisition	(5,095,000)	-	(5,095,000)

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2020 £	2019 £
Ordinary shares of 1 each		
Interim	798,000	768,000

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

10. INTANGIBLE FIXED ASSETS

Group

	Computer software £
COST	
At 1 January 2020	173,067
Additions	91,033
At 31 December 2020	264,100
AMORTISATION	
At 1 January 2020	22,437
Amortisation for year	45,939
At 31 December 2020	68,376
NET BOOK VALUE	
At 31 December 2020	195,724
At 31 December 2019	150,630

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Short leasehold land & buildings £	Showsite £
COST			
At 1 January 2020	522,991	1,564,321	40,733
Additions	8,110	224,184	-
Disposals	(531,101)	-	-
Reclassification/transfer	-	(539,643)	-
At 31 December 2020	-	1,248,862	40,733
DEPRECIATION			
At 1 January 2020	30,633	162,299	40,733
Charge for year	9,642	136,838	-
Eliminated on disposal	(40,275)	-	-
Reclassification/transfer	-	(23,355)	-
At 31 December 2020	-	275,782	40,733
NET BOOK VALUE			
At 31 December 2020	-	973,080	-
At 31 December 2019	492,358	1,402,022	-

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

11. TANGIBLE FIXED ASSETS - continued

Group

	Plant and machinery £	Motor vehicles £	Office Equipment £	Totals £
COST				
At 1 January 2020	1,851,927	444,095	302,997	4,727,064
Additions	416,164	811,803	10,353	1,470,614
Disposals	(50,000)	(104,069)	-	(685,170)
Reclassification/transfer	539,643	-	-	-
At 31 December 2020	<u>2,757,734</u>	<u>1,151,829</u>	<u>313,350</u>	<u>5,512,508</u>
DEPRECIATION				
At 1 January 2020	657,036	225,490	190,493	1,306,684
Charge for year	349,691	125,718	54,183	676,072
Eliminated on disposal	(38,125)	(79,127)	-	(157,527)
Reclassification/transfer	23,355	-	-	-
At 31 December 2020	<u>991,957</u>	<u>272,081</u>	<u>244,676</u>	<u>1,825,229</u>
NET BOOK VALUE				
At 31 December 2020	<u>1,765,777</u>	<u>879,748</u>	<u>68,674</u>	<u>3,687,279</u>
At 31 December 2019	<u>1,194,891</u>	<u>218,605</u>	<u>112,504</u>	<u>3,420,380</u>

The net book value of tangible fixed assets includes £ 919,359 (2019 - £ 419,499) in respect of assets held under hire purchase contracts.

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
Additions	5,115,000
At 31 December 2020	<u>5,115,000</u>
NET BOOK VALUE	
At 31 December 2020	<u>5,115,000</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Aanco (UK) Limited

Registered office: Wellington House, Wynyard Avenue, Wynyard, Billingham TS22 5TB

Nature of business: Manufacturing

Class of shares:	% holding
Ordinary	100.00

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

12. FIXED ASSET INVESTMENTS - continued

In March 2020 Aanco Holdings Limited acquired 100% of the shares of Aanco (UK) Limited. The acquisition has been accounted for using merger accounting. The nominal value of the consideration amounted to £5,115,000 comprising payments of £5,100,000 and a share for share exchange of £15,000. £362,000 of the £5,100,000 was paid during the period, with the remaining £4,738,000 paid after the period end. The £5,095,000 premium paid in relation to the 25% shareholding has been credited to a Reconstruction reserve.

13. STOCKS

	Group	
	2020	2019
	£	£
Raw materials and goods ready for sale	<u>2,524,155</u>	<u>1,963,246</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2020	2019
	£	£
Trade debtors	2,295,346	1,583,856
Other debtors	2,232	112,272
Directors' current accounts	-	5,837
Prepayments and accrued income	<u>152,613</u>	<u>144,847</u>
	<u>2,450,191</u>	<u>1,846,812</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts (see note 17)	-	23,700	-	-
Hire purchase contracts (see note 18)	232,963	130,483	-	-
Trade creditors	3,427,910	3,347,253	-	-
Amounts owed to group undertakings	-	-	362,000	-
Tax	320,028	83,704	-	-
Social security and other taxes	629,010	443,154	-	-
Other creditors	5,246,683	353,901	4,738,000	-
Directors' current accounts	6,603	-	-	-
Accruals and deferred income	460,143	309,524	-	-
	<u>10,323,340</u>	<u>4,691,719</u>	<u>5,100,000</u>	<u>-</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2020	2019
	£	£
Bank loans (see note 17)	-	139,977
Hire purchase contracts (see note 18)	<u>578,478</u>	<u>128,319</u>
	<u>578,478</u>	<u>268,296</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

17. LOANS

An analysis of the maturity of loans is given below:

	Group
	2020
	£
Amounts falling due within one year or on demand:	
Bank loans	- 23,700
Amounts falling due between two and five years:	
Bank loans - 2-5 years	- 139,977

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts
	2020
	£
Gross obligations repayable:	
Within one year	253,006 138,478
Between one and five years	604,876 132,552
	<u>857,882 271,030</u>
Finance charges repayable:	
Within one year	20,043 7,995
Between one and five years	26,398 4,233
	<u>46,441 12,228</u>
Net obligations repayable:	
Within one year	232,963 130,483
Between one and five years	578,478 128,319
	<u>811,441 258,802</u>

Group

	Non-cancellable operating leases
	2020
	£
Within one year	234,013 264,013
Between one and five years	911,063 1,160,178
	<u>1,145,076 1,424,191</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2020	2019
	£	£
Bank loans	-	163,677
Hire purchase contracts	<u>811,441</u>	<u>258,802</u>
	<u>811,441</u>	<u>422,479</u>

Bank loans and overdrafts are secured by way of a charge over the assets of the company. Hire purchase liabilities are secured on the assets to which they relate.

20. PROVISIONS FOR LIABILITIES

	Group	
	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	401,813	283,452
Other timing differences	<u>(1,917)</u>	<u>(672)</u>
	<u>399,896</u>	<u>282,780</u>

Group

	Deferred tax
	£
Balance at 1 January 2020	282,780
Provided during year	<u>117,116</u>
Balance at 31 December 2020	<u>399,896</u>

21. ACCRUALS AND DEFERRED INCOME

	Group	
	2020	2019
	£	£
Accruals and deferred income	<u>139,640</u>	<u>-</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			Group	
Number:	Class:	Nominal value:	2020	2019
			£	£
15,000	Ordinary	1	<u>15,000</u>	<u>20,000</u>

During the period 15,000 Ordinary shares of £1 each were allotted, issued and fully paid. Consideration was by way of a share for share exchange. The company has taken advantage of the merger relief provisions included in the Companies Act 2006 and the related provisions of FRS 102. As such, the value of the consideration received is recorded at the nominal value of the shares issued.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

23. RESERVES

Group

	Retained earnings £	Reconstruction reserve £	Totals £
At 1 January 2020	6,847,758	-	6,847,758
Profit for the year	4,129,951	-	4,129,951
Dividends	(798,000)	-	(798,000)
Fair value adjustment	-	(5,095,000)	(5,095,000)
At 31 December 2020	<u>10,179,709</u>	<u>(5,095,000)</u>	<u>5,084,709</u>

Company

	Retained earnings £
Profit for the year	786,000
Dividends	(786,000)
At 31 December 2020	<u>-</u>

The Reconstruction reserve represents the adjustment arising on the acquisition of a subsidiary undertaking as a result of adopting the merger relief provisions included in the Companies Act 2006 and the related provisions of FRS 102.

24. CONTINGENT LIABILITIES

The group guarantees its products for up to ten years. Rectification work is considered to be an ongoing charge but the company 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. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	<u>138,750</u>	<u>84,831</u>

26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year the group made advances to directors of £151,881 and £157,718 was repaid by the directors (2019 - £18,431 and £14,692 respectively). Interest was charged at 2.5% per annum on balances over £10,000. All amounts were repayable on demand.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

27. **RELATED PARTY DISCLOSURES**

Information about related party transactions and outstanding balances is outlined below:

Entities with control, joint control or significant influence over the entity

	2020	2019
	£	£
Dividends paid	798,000	768,000
Amount due to related party	<u>(4,745,555)</u>	<u>(7,555)</u>

Other related parties

	2020	2019
	£	£
Purchases	153,002	108,545
Amount due from related party	<u>-</u>	<u>5,833</u>

Key management personnel compensation in the year totalled £179,441 (2019 - £170,375).

28. **ULTIMATE CONTROLLING PARTY**

The company was controlled by B Gaunt with effect from March 2020.

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.