

SHS Sales & Marketing Limited

Report and Financial Statements

For the period from 4 January 2020 to 1 January 2021



Directors

J Sloan
E Birchall
A Richmond

Secretary

A Richmond

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast BT2 7DT

Bankers

Danske Bank
Donegall Square West
Belfast BT1 6SJ

Solicitors

Carson McDowell
Murray House
4 Murray Street
Belfast BT1 6DN

Registered Office

SHS House
199 Airport Road West
Belfast BT3 9ED

Strategic report

The directors present their Strategic report for the period from 4 January 2020 to 1 January 2021.

Principal activity and review of the business

The company's principal activity is the marketing and distribution of grocery, beverage and pharmaceutical products.

There were no significant changes in the activities of the company during the period. The directors consider that in light of prevailing economic and market conditions, the results for the period met expectations and the prospects for the future are satisfactory.

The company's strategy for the coming period is to increase shareholder value through enhancing market share and developing the company's customer base further.

Key performance indicators

The key performance indicator for the company is gross margin. The gross margin for the period 1 January 2021 was 9.2% (period ended 3 January 2020 – 9.8%). Other key performance indicators are noted below:

	<i>Period ended 1 January 2021 £</i>	<i>Period ended 3 January 2020 £</i>
Turnover	26,285,368	23,011,214
Profit/(Loss) after tax	55,951	(33,243)
Shareholder funds	2,275,320	2,219,369
Average employees during the period (no.)	37	36
Current assets v current liabilities (quick ratio)	1.21	1.25

Principal risks and uncertainties

The company uses various financial instruments including cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are interest rate risk, currency risk, credit risk, liquidity risk, Brexit risk and COVID-19 risk.

The directors review and agree policies for managing each of these risks, and they are summarised below. These policies have remained unchanged from previous periods.

Interest rate risk

The company finances its operations through retained profits. The company's exposure to interest rate fluctuations on its borrowings is limited.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. In relation to this risk, the company principally uses group level foreign currency contracts with financial institutions in order to hedge against adverse movements in exchange rates.

Strategic report (continued)

Principal risks and uncertainties (continued)

Credit risk

The company's principal financial assets are cash and debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from debtors.

In order to manage credit risk, the directors assess potential customers based on a mixture of past history, credit references and industry knowledge, and amounts owed are reviewed and followed up on a regular basis.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Brexit risk


The UK Brexit transition period ended on 31 December 2020. Having undertaken an extensive planning exercise, we have taken steps to address any exposure by putting appropriate solutions in place. As a result, the end of the transition period has not had a significant impact on the company although there is additional administrative work and costs due to Customs and the NI Protocol requirements.

Covid-19

The company recognised the risks and uncertainties posed by the Covid-19 pandemic and put in place significant measures and actions to address all areas including operational and supply chain impacts and changes in demand. We coordinated and implemented a Group wide business response and continue to take appropriate actions for the business based on Government and World Health Organisation (WHO) advice keeping the situation under review at all sites and weekly at Group leadership level.

The health and wellbeing of our company employees continues to be of paramount concern. For those employees who are unable to work from home or are deemed essential employees, all necessary arrangements have been put in place to ensure the company premises remain a safe environment for staff. Communications and HR policies are regularly refreshed and reinforced.

By order of the Board



A Richmond

Director

Date: 3 June 2021

Registered No. NI016166

Directors' report

The directors present their report for the period from 3 January 2020 to 1 January 2021.

Results and dividends

The profit for the period after taxation amounted to £55,951 (period ended 3 January 2020 – loss of £33,243). The directors do not recommend a final dividend (period ended 3 January 2020 – £nil).

Future developments

The directors are committed to long-term creation of shareholder value. 2020 has been a challenging period in a competitive sector, however the directors are continuing to focus on driving the business forward and are committed to seeking new business opportunities. While the incoming year is likely to continue to be very challenging, early results indicate we are in line to achieve our expectations for the year.

Going concern

The directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future.

The Covid-19 pandemic has posed many challenges worldwide and all areas of the economy have been impacted. The directors, in taking account of the company's financial forecasts and projections for the period to 31 December 2022, have also considered the changes in operations and trading performance during the Covid-19 period and conclude that the company continues to be cash generative and is able to continue to meet its current liabilities arising as they fall due. The directors therefore believe the company has adequate resources to continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The directors who served the company during the period were as follows:

J Sloan
E Birchall
A Richmond

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with Companies Act 2006 s485 a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



E Birchall
Director
Date: 3 June 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' (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 of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the member of SHS Sales & Marketing Limited

Opinion

We have audited the financial statements of SHS Sales & Marketing Limited for the year ended 1 January 2021 which comprise Profit and Loss Account, the Statement of comprehensive income, the Statement of changes in equity, the Balance Sheet, and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 1 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 company's ability to continue as a going concern for a period to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report set out in pages 2 to 4, 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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report

to the member of SHS Sales & Marketing Limited

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 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 set out on page 5, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, the reporting framework FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Bribery Act 2010, Money Laundering Regulations and UK Tax Legislation

Independent auditors' report

to the member of SHS Sales & Marketing Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how SHS Sales & Marketing Limited is complying with those frameworks by making enquiries of senior management, those charged with governance and those responsible for legal and compliance procedures. We corroborated our enquiries through review of the following documentation or performance of the following procedures;
 - obtaining an understanding of entity-level controls and considering the influence of the control environment;
 - obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls;
 - Review of board meeting minutes in the year and to date of signing;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussion within the audit team which included;
 - Identification of related parties, including circumstances related to the existence of a related party with dominant influence;
 - understanding the company's business and entity-level controls and considering the influence of the control environment; and
 - considering the nature of the account and our assessment of inherent risk for relevant assertions of significant accounts.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; reviewing accounting estimates for evidence of management bias; enquiring of members of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; and inspecting correspondence, if any, with the relevant licensing or regulatory authorities.

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

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.

Ernst & Young LLP

Lindsay Russell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 3 June 2021

Profit and loss account

for the period from 4 January 2020 to 1 January 2021

		<i>Period ended 1 January 2021</i>	<i>Period ended 3 January 2020</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	26,285,368	23,011,214
Cost of sales		(23,878,640)	(20,760,238)
Gross profit		2,406,728	2,250,976
Distribution costs		(694,934)	(694,450)
Administrative expenses		(1,652,017)	(1,605,515)
Other operating income	3	14,004	14,004
Operating profit / (loss)	4	73,781	(34,985)
Interest payable and similar charges		(1,516)	(2,973)
Profit / (loss) before taxation		72,265	(37,958)
Tax (charge)/credit	7	(16,314)	4,715
Profit / (loss) for the financial period		<u>55,591</u>	<u>(33,243)</u>

All amounts relate to continuing activities.

Statement of comprehensive income

for the period from 4 January 2020 to 1 January 2021

There is no comprehensive income or expense other than the profit attributable to the shareholder of the company of £55,591 for the period ended 1 January 2021 (Period ended 3 January 2020 – loss of £33,243).

Statement of changes in equity

for the period from 4 January 2020 to 1 January 2021

	<i>Called up share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 29 December 2018	50,000	52,381	2,150,231	2,252,612
Transfer between revaluation	–	(1,807)	1,807	–
Loss for the period	–	–	(33,243)	(33,243)
At 3 January 2020	50,000	50,574	2,118,795	2,219,369
Transfer between revaluation	–	(1,807)	1,807	–
Profit for the period	–	–	55,951	55,951
At 1 January 2021	50,000	48,767	2,176,553	2,275,320

Called up share capital

Share capital represents the nominal value of shares that have been issued.

Revaluation reserve

This revaluation reserve represents the surplus arising on valuation of assets and a reserve movement is adjusted each financial period to reflect the depreciation charge of those related assets.

Profit and loss account

Profit and loss account include all current period and prior period retained profits and losses.

Registered No. NI016166

Balance sheet

at 1 January 2021

		1 January 2021	3 January 2020
	Notes	£	£
Fixed assets			
Tangible assets	8	481,744	475,403
Current assets			
Stocks	9	1,165,359	804,725
Debtors	10	7,625,731	6,480,770
Cash at bank and in hand		1,529,389	1,427,208
Total current Assets		10,320,479	8,712,703
Creditors: amounts falling due within one year	11	(8,521,446)	(6,959,566)
Net current assets		1,799,033	1,753,137
Total assets less current liabilities		2,280,777	2,228,540
Provisions for liabilities			
Deferred taxation	7(c)	(5,457)	(9,171)
Net assets		2,275,320	2,219,369
Capital and reserves			
Called up share capital	12	50,000	50,000
Revaluation reserve		48,767	50,574
Profit and loss account		2,176,553	2,118,795
Shareholder funds		2,275,320	2,219,369

The notes on pages 12-20 form part of these financial statements.


E Birchall
Director

Date: 3 June 2021

Notes to the financial statements

for the period from 4 January 2020 to 1 January 2021

1. Accounting policies

Statement of compliance

SHS Sales & Marketing Limited is a private company limited by shares and incorporated in Northern Ireland. The Registered Office is SHS House, 199 Airport Road West, Belfast, BT3 9ED.

The company's financial statements have been prepared in compliance with FRS 102 as it applies for the period ended 1 January 2021.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in Sterling which is the functional currency of the company and no rounding has been applied.

Reduced disclosure framework

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 4 *Statement of Financial Position* paragraph 4.12(a)(iv).
- (b) The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).
- (c) The requirements of Section 11 *Basic Financial Instruments* paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26.
- (d) Section 33 *Related Party Disclosures* paragraph 33.7.

The company's ultimate parent undertaking and controlling party is SHS Group Limited, a company incorporated in Northern Ireland, which is the parent undertaking of the largest group to consolidate these financial statements. SHS Group Limited financial statements are available from 199 Airport Road West, Belfast, Co Antrim, Northern Ireland.

Going concern

The directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future.

The Covid-19 pandemic has posed many challenges worldwide and all areas of the economy have been impacted. The directors, in taking account of the company's financial forecasts and projections for the period to 31 December 2022, have also considered the changes in operations and trading performance during the Covid-19 period and conclude that the company continues to be cash generative and is able to continue to meet its current liabilities arising as they fall due. The directors therefore believe the company has adequate resources to continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant impact on amounts recognised in the financial statements.

The following are the company's key sources of estimation uncertainty:

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Notes to the financial statements

for the period from 4 January 2020 to 1 January 2021

1. Accounting policies (continued)

Taxation (continued)

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Details of the company's tax charge are contained in note 7.

Turnover

Turnover represents income from the marketing and distribution of grocery, beverage and pharmaceutical products. Revenue is recognised upon delivery of products and when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. All turnover relates to sale of goods.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the statement of comprehensive income.

If there is 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 the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables 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.

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

Trade payables are obligations to pay for goods or services that have been received in the ordinary course of business from suppliers. Trade payables are classified into amounts falling due within one year if payment is due within one year or less. If not, they are presented as amounts falling due after one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the financial statements

for the period from 4 January 2020 to 1 January 2021

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	2% straight-line
Motor vehicles	10 - 25% straight-line
Fixtures and fittings	5 - 10% straight-line
Computer equipment	10 - 25% straight-line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value after allowance for obsolete and slow-moving stocks. Cost includes all costs incurred in bringing each product to its present location.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

Retirement benefits to employees of the company are provided by the SHS Group Limited pension scheme. The company's staff comprise a percentage of the overall membership of this scheme. The company has no influence on the level of contributions and is unable to identify its share of underlying liabilities or assets in the scheme. As such payments to the scheme are accounted for by the company as a defined contribution scheme in line with the requirements of FRS 102 section 28 "Employee Benefits". Contributions to the scheme are charged to the profit and loss account. The contributions are estimated so as to spread the cost of pensions over employees working lives with the company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected benefits valuation method.

Notes to the financial statements

for the period from 4 January 2020 to 1 January 2021

1. Accounting policies (continued)

SHS Group Limited has fully complied with the accounting and disclosure requirements of FRS 102 section 28 "Employee Benefits".

The company also operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2. Turnover

The whole of the turnover is attributable to income received from the marketing and distribution of grocery, beverage and pharmaceutical products.

All turnover arose within the United Kingdom and relates to sale of goods.

3. Other operating income

	<i>Period ended 1 January 2021</i>	<i>Period ended 3 January 2020</i>
	<i>£</i>	<i>£</i>
Rent	14,004	14,004

4. Operating loss/profit

This is stated after charging/(crediting):

	<i>Period ended 1 January 2021</i>	<i>Period ended 3 January 2020</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration – audit services	10,553	9,880
– tax compliance	1,274	1,132
Depreciation of tangible fixed assets – owned by the company	18,434	19,254
(Gain)/loss on foreign exchange	(5,892)	1,428
Operating lease rentals	150,896	108,297

5. Directors' remuneration

	<i>Period ended 1 January 2021</i>	<i>Period ended 3 January 2020</i>
	<i>£</i>	<i>£</i>
Remuneration	198,672	193,781

Notes to the financial statements

for the period from 4 January 2020 to 1 January 2021

6. Staff costs

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

	<i>Period ended 1 January 2021</i>	<i>Period ended 3 January 2020</i>
	£	£
Wages and salaries	1,388,428	1,271,542
Social security costs	153,950	150,828
Other pension costs	133,971	118,040
	<u>1,676,349</u>	<u>1,540,410</u>

The average monthly number of employees (including directors) during the period was made up as follows:

	<i>No.</i>	<i>No.</i>
Distribution	23	23
Administration	14	13
	<u>37</u>	<u>36</u>

7. Tax

(a) Tax on profit / (loss)

The tax profit / (loss) is made up as follows:

	<i>Period ended 1 January 2021</i>	<i>Period ended 3 January 2020</i>
	£	£
Current tax:		
UK corporation tax profit for the period	18,578	-
Group relief receivable	-	(3,695)
Adjustments in respect of previous periods	1,450	158
Total current tax	<u>20,028</u>	<u>(3,537)</u>
Deferred tax:		
Origination and reversal of timing differences	(3,441)	(1,316)
Adjustments in respect of previous periods	(1,210)	-
Effect of changes in tax rates	937	138
Total deferred tax (note 7(c))	<u>(3,714)</u>	<u>(1,178)</u>
Total tax charge / (credit) (note 7(b))	<u>16,314</u>	<u>(4,715)</u>

Notes to the financial statements

for the period from 4 January 2020 to 1 January 2021

7. Tax (continued)

(b) Factors affecting the total tax charge/ (credit) for the period

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (period ended 3 January 2020 – 19%). The differences are explained below:

	<i>Period ended 1 January 2021 £</i>	<i>Period ended 3 January 2020 £</i>
Profit / (loss) before tax	72,265	(37,958)
Profit / (loss) multiplied by standard rate of corporation tax in the UK of 19% (period ended 3 January 2020 – 19%)	13,730	(7,212)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,407	2,201
Effect of changes in tax rates	937	138
Adjustments in respect of previous periods	240	158
Total tax charge / (credit) for the period (note 7(a))	16,314	(4,715)

(c) Deferred tax liabilities

	<i>£</i>
At 3 January 2020	9,171
Released during the period	(3,714)
At 1 January 2021	5,457

The provision for deferred taxation is made up as follows:

	<i>Period ended 1 January 2021 £</i>	<i>Period ended 3 January 2020 £</i>
Accelerated capital allowances	8,684	9,171
Short term timing differences	(3,227)	-
	5,457	9,171

(d) Factors that may affect future tax charges

Finance Bill 2016 enacted a reduction in corporation tax rate to 17% with effect from 1 April 2020, this was the rate at which deferred tax was provided in the 2019 accounts. Finance Bill 2020 confirmed that the rate of corporation tax will remain at the rate of 19% from 1 April 2020 (cancelling the enacted cut to 17%). As this change was enacted before year end by the passing of Budget Resolution on 17 March 2020, deferred tax is now provided at 19%. Furthermore, an increase to the main UK corporation tax rate from 19% to 25% from 1 April 2023 was announced in the March 2021 budget. This was substantively enacted on 24 May 2021.

Notes to the financial statements

for the period from 4 January 2020 to 1 January 2021

8. Tangible fixed assets

	<i>Leasehold property</i>	<i>Motor vehicles</i>	<i>Fixtures and fittings</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation:					
At 3 January 2020	912,757	33,414	371,304	5,354	1,322,829
Additions	-	-	24,775	-	24,775
At 1 January 2021	912,757	33,414	396,079	5,354	1,347,604
Depreciation:					
At 3 January 2020	484,707	33,414	327,045	2,260	847,426
Charge for the period	16,292	-	1,368	774	18,434
At 1 January 2021	500,999	33,414	328,413	3,034	865,860
Net book value:					
At 1 January 2021	411,758	-	67,666	2,320	481,744
At 3 January 2020	428,050	-	44,259	3,094	475,403

9. Stocks

	<i>1 January 2021</i>	<i>3 January 2020</i>
	£	£
Finished goods and goods for resale	1,165,359	804,725

Stocks recognised as an expense in the period were £8,858 (3 January 2020 – £3,022).

The replacement value of the stock is not materially different from its carrying value.

10. Debtors

	<i>1 January 2021</i>	<i>3 January 2020</i>
	£	£
Trade debtors	5,709,205	4,326,303
Amounts owed by group undertakings	1,801,236	2,084,470
Prepayments and accrued income	115,290	37,900
Other taxes and social securities	-	31,797
Corporation tax	-	300
	7,625,731	6,480,770

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

Notes to the financial statements

for the period from 4 January 2020 to 1 January 2021

11. Creditors: amounts falling due within one year

	1 January 2021	3 January 2020
	£	£
Trade creditors	1,434,780	1,570,081
Amounts owed to group undertakings	6,669,533	5,141,970
Corporation tax	18,578	–
Other taxation and social security costs	102,336	48,763
Accruals and deferred income	296,219	198,752
	<u>8,521,446</u>	<u>6,959,566</u>

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

12. Issued share capital

		1 January 2021		3 January 2020
	No.	£	No.	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	50,000	<u>50,000</u>	50,000	<u>50,000</u>

13. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The company is also a member of a group defined benefit scheme. Full details of this scheme are disclosed in the financial statements of SHS Group Limited, which has complied with FRS 102 section 28 "Employee Benefits".

The pension charge represents contributions payable to both schemes by the company.

14. Other financial commitments

At 1 January 2021, the company had future minimum rentals payable under non-cancellable operating leases as set out below:

	1 January 2021	3 January 2020
	£	£
<i>Amounts payable:</i>		
Within one year	127,821	97,729
In two to five years	24,479	38,691
	<u>152,300</u>	<u>136,420</u>

15. Related party transactions

As a wholly owned subsidiary of SHS Group Limited, the company is exempt from the requirements of FRS 102 Section 33 *Related Party Disclosures* paragraph 33.7 to disclose transactions with other members of the group which are party to the transaction.

Notes to the financial statements

for the period from 4 January 2020 to 1 January 2021

16. Ultimate parent undertaking and controlling party

The directors consider that the ultimate parent undertaking of the company is SHS Group Limited, a company incorporated in Northern Ireland.

The ultimate controlling parties of SHS Group Limited are its shareholders.

The results of SHS Sales and Marketing Limited are included within the group financial statements of SHS Group Limited, which are available for inspection at the Registrar of Companies, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast.