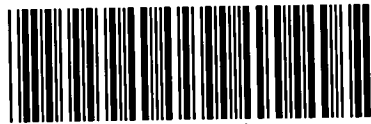


Company registration number 05734881 (England and Wales)

CRAFTER'S COMPANION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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CRAFTER'S COMPANION LIMITED

COMPANY INFORMATION

Directors	S A Davies S C Davies G S Downes K Vijayaraghavan J Butler D Stern	(Appointed 11 May 2022)
Secretary	S A Davies	
Company number	05734881	
Registered office	Unit 1 Horndale Avenue Newton Aycliffe County Durham DL5 6DR	
Auditor	Haines Watts North East Audit LLP 17 Queens Lane Newcastle Upon Tyne NE1 1 RN	

CRAFTER'S COMPANION LIMITED

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CRAFTER'S COMPANION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Principal activity

Crafter's Companion Limited is one of Europe's leading manufacturers and suppliers of crafting products. It is a family owned business founded in 2005 which is renowned for bringing our customers innovative crafting tools and supplies. Crafter's Companion has an office in the North-East of England, as well as in California, USA, from where the American subsidiary business is conducted..

Business environment

The UK, European and US crafting market remains competitive despite all of the global and economic challenges that the year has presented. We continue, as we have done, to invest in sound product development to keep our pricing competitive despite raw materials increases several times during the year. Maintaining affordable pricing is key in ensuring that we strengthen our brand awareness. We continue our drive to innovate, developing and launching new products across our product portfolio to sell across our multiple sales channels. These products are designed and packaged for the global marketplace to ensure they can be sold in the UK, Europe and the US markets without the need for repurposing or redesign of packaging.

Review of business

The financial year saw a small year on year reduction, within group sales decreasing by 1% on previous year. Sales for CC UK reduced from £22.7m to £22.0m during this financial period and this represents a 3% year on year decrease. In the US sales increased from £15.6m to £15.8m - an increase of 1%. Intercompany sales excluded from the total figures accounted for £0.9m.

In the UK the sales decrease was predominantly due to two major factors –

1. Our major UK TV shopping customer went into administration in Q4 leading to a poor last three months sales performance and a debt write-off, giving rise to a cash impact in total of circa £0.6m.
2. Challenges across UK wholesale due to customers being overstocked and having the wrong stocks at the wrong time due to the impact of COVID.

We saw far stronger performance year on year from our retail stores due to there being no government- imposed lockdowns. Our global e-comm sales strengthened with increased trading activity to the US and the launch of our global Spectrum Noir website. They both have grown B2C revenue 12% year on year and helped to balance off some of the challenges we have faced above.

In the US they saw an increase year on year from TV sales on Home Shopping Network (HSN) but this was partially offset by a decrease through Amazon marketplaces as we changed our delivery partner mid-year. Wholesale as with the UK proved challenging in the US as major national retailers had similar problems with overstocking and cautious reordering whilst they realised cash. Despite this CC US still see wholesale as being an area of great opportunity and has now laid strong foundations within its market and business infrastructure to allow for strong growth in the coming years.

We saw gross profit margin increase by 4% year on year despite a global rise in raw materials costs and the dollar rate becoming less favourable during the year. We delivered this through a sales shift to more business to consumer sales through e-comm, retail and marketplaces. We had very few forward contracts purchased due to the natural hedge we have now created from US e-comm sales.

The results for FY22 have continued to be impacted by the effects of COVID-19, with sizeable increases to inbound container shipping (up £1.4m year-on-year) and outbound postage and carriage costs (up £0.4m year-on-year) impacting in year group profitability by £1.8m. Strong benchmarking activity throughout the year has ensured that whilst costs have been high that they are the most cost beneficial they can be against a challenging economic backdrop. In FY21 the global business received £0.9m in support to offset premises and wages costs during lockdown which was a non-recurring benefit giving us an immediate YOY impact in FY22.

Despite this being another challenging year in our growth plan, we have continued to rationalise the business to stay as lean as we can on controllable costs whilst still keeping a close eye on positioning the right staffing structure to deliver the future growth plans. As a result of these operational changes UK staff numbers have increased from 169 to 185 and US from 32 to 36 taking our global employee base to 221 as of 31 March 2022.

CRAFTER'S COMPANION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Key performance indicators

We have seen challenges to progress in our global growth strategy this year, due to the continued effects of COVID-19, which have impacted heavily on our cost base and suppressed some of our wholesale sales. The COVID specific cost increases to logistics have impacted EBIT numbers heavily, with YOY increases of £2.7m hitting the bottom line. We have however maintained sales levels and increased gross profitability in a challenging market which has seen movement across our sales channels and one major customer go into administration in Q4.

Key indicators for the group are detailed below:

	2022	2021
Group Turnover	£37.8m	£38.3m
Gross Profit	55.0%	51.0%
Operating profit	(£1.2m)	£0.5m
Operating profit %	(3.2%)	1.3%
Net profit before tax	(£1.4m)	£0.4m
Net profit before tax %	(3.6%)	0.9%
Group Stock value	£9.2m	£7.2m

Principal risks and uncertainties

There are many risks and uncertainties to be faced by our growing global business

Strategic Risk Trading relations between the US and China have seen our US business continued to be hit with high tariffs for importing Chinese products even though we expected to see some change with the change from the Trump to Biden administration. They have impacted the bottom line by £0.7m in FY22. COVID-19 has also taken its toll on the raw materials prices meaning that far east imports have gone up 12% YOY for the global business. Despite these headwinds gross profit has still increased 4% YOY.

The steep rise in the cost of air freight of online parcels to the US we saw in the previous year has remained constantly high throughout the entire year, and this has impacted bottom line by £1.3m (£0.9m in FY21). We have benchmarked with major competitors throughout the year and have great confidence we are getting the best VFM we can in this area. The logistics chain was further hit in FY22 by rising containers costs from China with container costs escalating between three to fivefold their pre COVID pricing levels. This impacted the bottom line by £1.4m with no real prior year comparator.

Currency Risk In the year GBP/USD has decreased from 1.39 to 1.31 making purchases more expensive and GBP/EUR has increased from 1.15 to 1.18. Rates remain volatile with the uncertainty and global economic repercussions around the Ukraine War, rising tensions between China and Taiwan and continuation of heavy COVID-19 measures in China. These global challenges are driving fluctuations, but a natural hedge from our US business helps us to mitigate against this risk.

Liquidity Risk In order to manage the liquidity and cash flow risks of the group, regular cash flow reports and management reports are produced and circulated to the Board, Senior Management team and our corporate bank. This ensures we have sufficient funds to support the working capital requirements, and also the required capital investment needed to deliver against plan. We have facilities in place with our UK and US banks and strong shareholder support to offer headroom where required to fund growth. There is also a strong plan in place to reduce stockholding to realise cash to help fund future growth

Competitor Risk Increase in product competition does give rise to uncertainty behind our sales projections. The global craft market has shrunk over the previous years and last year will have seen cost pressures putting a real strain on some of our lower margin competitors who have exposure to exchange rate fluctuations, lower purchasing power and the increased cost of global logistics. This presents a real opportunity for us to capitalise on more market share with new entry level product ranges.

CRAFTER'S COMPANION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Brexit Risk We continue to trade with Europe as we always have, but it does not form a big part of our global strategy at present, so the impact of BREXIT has mainly been operational as opposed to a significant financial burden. The directors are confident these can be overcome with appropriate planning and consultation, such as not to have any significant impact on the company's future business activities.

Covid-19 Risk Covid-19 continues to impact the business but not to the restrictive levels we saw in FY21. All the processes, communication and guidance issued to the business continue to be based on and consistent with, relevant Government guidance. We are continually benchmarking on key cost areas of the business impacted by COVID-19 to help manage margins

Awards and achievements

During this year, CC UK won numerous intra industry awards:

- Queen's Award for Enterprise for International Trade – awarded in 2020 but valid for 5 years

During this year, CC UK also won high-profile industry recognition with a number of awards at the Best of Craft Awards 2021:

- Best Brand for Crafts
- Best Online Workshop/Class – Craft Along Crafter's TV Show
- Favourite Die-Cutting Range – Gemini
- Ultimate Craft Holiday - Craftaganza

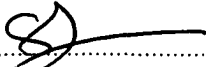
Future developments - aims and priorities

Furthering our product development into new markets and using our global sourcing capabilities to drive down input costs is a focus for our whole business, as this will allow us to explore new markets and sectors in Europe and the US simultaneously. CC UK has strong plans for growth in the coming years. New products will allow us to tackle new markets and categories that we currently do not service, as well as targeting new customers within our current markets. A key aim is to continue to grow our global online presence offering a one stop shop of crafting products to a global market. The home US market remains the sole focus of CC US, and its work during the previous years will allow our products and brands to flourish in this market and gain traction with the end consumer.

Financial instruments

The bank is currently satisfied with the company's financial performance and the directors do not think there is any risk of facilities being withdrawn.

On behalf of the board


S.C. Davies
Director
21/12/2022

CRAFTER'S COMPANION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company and group continued to be that of retail suppliers of craft products.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £312,000. 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:

S A Davies

S C Davies

G S Downes

R D Harpin

(Resigned 11 May 2022)

K Vijayaraghavan

R Kline

(Resigned 18 May 2021)

J Butler

D Stern

(Appointed 11 May 2022)

Auditor

Haines Watts North East Audit LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

CRAFTER'S COMPANION LIMITED

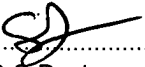
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Disclosure in the strategic report

The company has chosen in accordance with S.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the director's report. It has done so in respect of financial instruments and future developments.

On behalf of the board



S C Davies
Director

Date: 21/12/2022

CRAFTER'S COMPANION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CRAFTER'S COMPANION LIMITED

Qualified opinion

We have audited the financial statements of Crafter's Companion Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the group profit and loss account, 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, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2022 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 qualified opinion

We were unable to observe the counting of the physical stock as at 31 March 2020 due to 'lockdown' measures as a result of the Covid-19 Pandemic, which prevented access to warehouses. We were unable to satisfy ourselves by alternative means concerning stock quantities of £7,761,158 held at 31 March 2020 by using other alternative procedures. Consequently we were unable to determine whether there was any consequential effect on the cost of sales for the year ended 31 March 2021. Our audit opinion on the financial statements for the year ended 31 March 2021 was modified accordingly. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

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 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 qualified opinion.

Material uncertainty related to going concern

We draw your attention to accounting policy note 1.3 in the financial statements, which indicates that the group and company has suffered from reduced sales orders post year end and is in breach of banking covenants. As stated in note 1.3, these events or conditions indicate that a material uncertainty exists that may cast doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

CRAFTER'S COMPANION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CRAFTER'S COMPANION LIMITED

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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning stock quantities of £7,761,158 held at 31 March 2020. Consequently, we have concluded that where the other information refers to cost of sales for the year ended 31 March 2021, it may not be comparable to the current year's figures.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

Arising solely from the limitation on the scope of our work relating to stock, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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.

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.

CRAFTER'S COMPANION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CRAFTER'S COMPANION LIMITED

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the company and the industry in which it operates to identify the key laws and regulations that are applicable. We identified a number of regulatory frameworks that were applicable to the company through this understanding and discussions with key management and directors. Those frameworks that were deemed to be significant were identified as, Health and Safety, GDPR, Companies Act 2006 and UK GAAP (FRS 102). We reviewed the internal systems and controls in place at the company to gain assurance over compliance with these frameworks. Our specific work included:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Our audit did not identify any key matters relating to the detection of irregularities, including fraud. However, 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.

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.

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.



Stephen Easton FCA (Senior Statutory Auditor)

For and on behalf of Haines Watts North East Audit LLP

Date: 21/12/2022

Chartered Accountants and
Statutory Auditor

17 Queens Lane
Newcastle Upon Tyne
NE1 1 RN

CRAFTER'S COMPANION LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	37,818,016	38,330,888
Cost of sales		(17,126,807)	(18,765,836)
Gross profit		20,691,209	19,565,052
Distribution costs		(8,147,286)	(7,088,368)
Administrative expenses		(13,825,244)	(12,648,785)
Other operating income		33,771	657,483
Operating (loss)/profit	5	(1,247,550)	485,382
Interest receivable and similar income	9	8,986	213
Interest payable and similar expenses	10	(115,337)	(125,547)
(Loss)/profit before taxation		(1,353,901)	360,048
Tax on (loss)/profit	11	86,226	(128,577)
(Loss)/profit for the financial year		(1,267,675)	231,471

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

CRAFTER'S COMPANION LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
(Loss)/profit for the year	(1,267,675)	231,471
Other comprehensive income		
Currency translation gain/(loss) taken to retained earnings	44,873	(112,729)
Total comprehensive income for the year	<u>(1,222,802)</u>	<u>118,742</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

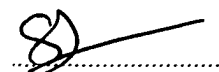
CRAFTER'S COMPANION LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	13	404,359		367,088	
Tangible assets	14	686,453		793,846	
			1,090,812		1,160,934
Current assets					
Stocks	17	9,156,571		7,164,456	
Debtors	18	4,547,776		5,558,355	
Cash at bank and in hand		1,771,589		1,692,925	
		15,475,936		14,415,736	
Creditors: amounts falling due within one year	19	(12,519,522)		(9,917,340)	
Net current assets		2,956,414		4,498,396	
Total assets less current liabilities		4,047,226		5,659,330	
Creditors: amounts falling due after more than one year	20	(76,032)		(144,945)	
Provisions for liabilities					
Deferred tax liability	22	831		9,220	
			(831)		(9,220)
Net assets		3,970,363		5,505,165	
Capital and reserves					
Called up share capital	24	103		103	
Profit and loss reserves		3,970,260		5,505,062	
Total equity		3,970,363		5,505,165	

The financial statements were approved by the board of directors and authorised for issue on 21/12/2022 and are signed on its behalf by:



S C Davies
Director

Company registration number 05734881 (England and Wales)

CRAFTER'S COMPANION LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	13		164,852		71,756
Tangible assets	14		509,532		598,466
Investments	15		2,466		2,466
			<u>676,850</u>		<u>672,688</u>
Current assets					
Stocks	17	5,623,127		3,493,852	
Debtors	18	3,633,597		4,576,211	
Cash at bank and in hand		1,150,925		1,068,061	
		<u>10,407,649</u>		<u>9,138,124</u>	
Creditors: amounts falling due within one year	19	(8,001,430)		(5,425,610)	
Net current assets			<u>2,406,219</u>		<u>3,712,514</u>
Total assets less current liabilities			<u>3,083,069</u>		<u>4,385,202</u>
Provisions for liabilities					
Deferred tax liability	22	831		9,220	
		<u>(831)</u>		<u>(9,220)</u>	
Net assets			<u>3,082,238</u>		<u>4,375,982</u>
Capital and reserves					
Called up share capital	24		103		103
Profit and loss reserves			3,082,135		4,375,879
Total equity			<u>3,082,238</u>		<u>4,375,982</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £981,744 (2021 - £107,680 profit).

The financial statements were approved by the board of directors and authorised for issue on 21/12/2022 and are signed on its behalf by:


S C Davies
Director

Company registration number 05734881 (England and Wales)

CRAFTER'S COMPANION LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2020		103	5,658,320	5,658,423
Year ended 31 March 2021:				
Profit for the year		-	231,471	231,471
Other comprehensive income:				
Currency translation differences		-	(112,729)	(112,729)
Total comprehensive income for the year		-	118,742	118,742
Dividends	12	-	(272,000)	(272,000)
Balance at 31 March 2021		103	5,505,062	5,505,165
Year ended 31 March 2022:				
Loss for the year		-	(1,267,675)	(1,267,675)
Other comprehensive income:				
Currency translation differences		-	44,873	44,873
Total comprehensive income for the year		-	(1,222,802)	(1,222,802)
Dividends	12	-	(312,000)	(312,000)
Balance at 31 March 2022		103	3,970,260	3,970,363

CRAFTER'S COMPANION LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2020		103	4,540,199	4,540,302
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	107,680	107,680
Dividends	12	-	(272,000)	(272,000)
Balance at 31 March 2021		103	4,375,879	4,375,982
Year ended 31 March 2022:				
Loss and total comprehensive income for the year		-	(981,744)	(981,744)
Dividends	12	-	(312,000)	(312,000)
Balance at 31 March 2022		103	3,082,135	3,082,238

CRAFTER'S COMPANION LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28		(716,426)		2,886,201
Interest paid			(115,337)		(125,547)
Income taxes refunded/(paid)			7,320		(497,803)
Net cash (outflow)/inflow from operating activities			(824,443)		2,262,851
Investing activities					
Purchase of intangible assets		(150,572)		(350,871)	
Purchase of tangible fixed assets		(66,276)		(145,079)	
Proceeds from disposal of tangible fixed assets		276		-	
Interest received		8,986		213	
Net cash used in investing activities			(207,586)		(495,737)
Financing activities					
Repayment of bank loans		244,160		(2,545)	
Dividends paid to equity shareholders		(312,000)		(272,000)	
Net cash used in financing activities			(67,840)		(274,545)
Net (decrease)/increase in cash and cash equivalents			(1,099,869)		1,492,569
Cash and cash equivalents at beginning of year			1,336,287		(67,192)
Effect of foreign exchange rates			17,652		(89,090)
Cash and cash equivalents at end of year			254,070		1,336,287
Relating to:					
Cash at bank and in hand			1,771,589		1,692,925
Bank overdrafts included in creditors payable within one year			(1,517,519)		(356,638)

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Crafter's Companion Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 1, Horndale Avenue, Newton Aycliffe, County Durham, DL5 6DR.

The group consists of Crafter's Companion 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, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

The consolidated group financial statements consist of the financial statements of the parent company Crafter's Companion 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 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the group's ability to continue as a going concern.

The group has suffered decreased sales after the year end largely due to a key customer in the US temporarily reducing sales order activity in order to clear a stock backlog and therefore the post year end results have not been as strong as anticipated. Whilst this has resulted in the group's banking covenants being breached, the bank are fully aware of the situation and are supportive of the group's business plan.

As a result of these matters there is a material uncertainty that may cast doubt upon the group's ability to continue as a going concern.

In response to these matters, the group has taken the following actions:

- Management has secured financing under the Recovery Loan Scheme in May 2022.
- Management have implemented a strategy to reduce unnecessary high stock levels by March 2023. This will be achieved by reductions in speculative purchasing to help reduce stockholding by £2m.
- Management have negotiated outbound postage with a new provider to yield significant future savings of £0.6m per annum on e-comm parcels to the US.
- Management have seen global container costs come back to pre-COVID levels for the UK and the US releasing sizeable cost pressures of c£1m per annum on inbound freight
- Management have renegotiated cost prices with far east suppliers to deliver sizeable savings of c £1m per annum on new and existing product ranges
- Management have rationalised the overheads of the business saving £1m per annum

Although it is not certain that these efforts will be successful, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis

1.4 Turnover

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

The group recognises revenue when the amount of revenue can be measured reliably, when it is probable that the future economic benefits will flow to the group and when specific criteria have been met for each of the group's activities described below.

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Sale of crafting products:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. This is usually at the point the customer has received delivery of the goods.

1.5 Research and development expenditure

Expenditure on research and development is written off in the year in which it is incurred.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 4 years.

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.

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 development cost	3 years
Trade name and customer list	8 and 2 years respectively

In the opinion of the directors the above represents the period over which the intangible assets are effective.

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:

Improvements to property	25% on reducing balance and in accordance with the length of the lease
Plant and machinery	25% on reducing balance
Fixtures and fittings	25% on reducing balance
Computer equipment	33% on cost
Motor vehicles	25% on reducing balance

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.

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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.

In the parent company financial statements, other fixed asset investments are accounted for at cost less any impairment.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated on a first in, first out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to their present location and condition.

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

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.13 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.

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.

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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.

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.

1.14 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.

1.15 Derivatives

The group uses forward foreign currency contracts to manage its exposure to foreign exchange rates.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the profit and loss account immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

1.16 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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.

1.17 Employee benefits

The costs of short-term employee benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which they are incurred.

1.18 Retirement benefits

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

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.19 Leases

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

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognised annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

1.20 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.21 Foreign exchange

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At the end of each reporting period monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Translation

The trading results of the Group's undertaking denominated in foreign currency are translated into sterling at the average exchange rates for the year. The assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange difference arising from retranslation of the opening net assets of foreign subsidiaries denominated in foreign currency are recognised in 'Other comprehensive income'.

1.22 Confidential invoice financing

Amounts are advanced from an invoice discounting company against which the book of debt of the Group are offset. Discounting and service charges are debited to the profit and loss account as incurred. Gross debts are passed to the invoice discounting company and are included in trade debtors. Advances from the invoice discounting company are included in bank loans and overdrafts due within one year.

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of stock

Judgements and detailed estimates are made by management based on industry knowledge and experience along with historical product trend analysis to determine the level of provision required to account for potentially obsolete and slow moving stock. Management regular review stock items to determine if stock balances can be sold at amounts greater than or equal to their carrying value. In addition the Group performs an annual stocktake where any slow moving or obsolete stock is provided for or written off in order to reflect the true value of Group stock.

At 31 March 2022 the Group recognised a provision of £294,814 (2021: £293,854) for obsolete and slow-moving stock to recognise that on certain occasions stock may be recovered at less than cost value.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

Bad debt provision

The company makes an assessment of the recoverability of trade and other debtors. In doing so the directors assess the ageing profile of the debtors and historical experience.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	12,620,192	10,633,075
Europe	1,132,932	826,372
Rest of World	24,064,892	26,871,441
	<u>37,818,016</u>	<u>38,330,888</u>

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3	Turnover and other revenue	(Continued)	
		2022	2021
		£	£
	Other revenue		
	Interest income	8,986	213
	Grants received	58,442	519,883
		<u> </u>	<u> </u>

4	Exceptional item	2022	2021
		£	£
	Expenditure		
	Selling and distribution - US sales tax	209,458	455,455
		<u> </u>	<u> </u>

Included in distribution costs in the prior year is an amount of £209,458 (2021 : £455,455) relating to US sales tax.

5	Operating (loss)/profit	2022	2021
		£	£
	Operating (loss)/profit for the year is stated after charging/(crediting):		
	Exchange losses	64,104	231,658
	Research and development costs	100,587	146,519
	Government grants	(58,442)	(519,883)
	Depreciation of owned tangible fixed assets	183,267	231,340
	(Profit)/loss on disposal of tangible fixed assets	(276)	44,943
	Amortisation of intangible assets	130,924	93,485
	Operating lease charges	223,551	398,920
		<u> </u>	<u> </u>

6	Auditor's remuneration	2022	2021
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	23,150	23,150
		<u> </u>	<u> </u>

7 Employees

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

Group		Company	
2022	2021	2022	2021
Number	Number	Number	Number
221	201	185	169
<u> </u>	<u> </u>	<u> </u>	<u> </u>

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	6,717,848	5,680,877	4,407,191	4,041,652
Social security costs	398,868	775,175	398,868	325,778
Pension costs	363,146	213,309	277,902	121,592
	<u>7,479,862</u>	<u>6,669,361</u>	<u>5,083,961</u>	<u>4,489,022</u>

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	37,500	37,500
Company pension contributions to defined contribution schemes	105,000	15,000
	<u>142,500</u>	<u>52,500</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

9 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	8,986	213
	<u>8,986</u>	<u>213</u>

10 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	115,193	125,547
Other interest	144	-
	<u>115,337</u>	<u>125,547</u>
Total finance costs	<u>115,337</u>	<u>125,547</u>

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

11 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	(167,762)	110,000
Adjustments in respect of prior periods	-	20,968
Other taxes	15	16,503
	<u>(167,747)</u>	<u>147,471</u>
Total UK current tax	(167,747)	147,471
Foreign current tax on profits for the current period	-	(8,621)
	<u>(167,747)</u>	<u>138,850</u>
Deferred tax		
Origination and reversal of timing differences	81,521	(10,273)
	<u>81,521</u>	<u>(10,273)</u>
Total tax (credit)/charge	<u>(86,226)</u>	<u>128,577</u>

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

	2022 £	2021 £
(Loss)/profit before taxation	<u>(1,353,901)</u>	<u>360,048</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(257,241)	68,409
Tax effect of expenses that are not deductible in determining taxable profit	44,654	60,906
Tax effect of income not taxable in determining taxable profit	-	(21,706)
Unutilised tax losses carried forward	36,414	-
Change in unrecognised deferred tax assets	97,214	-
Adjustments in respect of prior years	-	20,968
Effect of overseas tax rates	(7,267)	-
	<u>(86,226)</u>	<u>128,577</u>
Taxation (credit)/charge	<u>(86,226)</u>	<u>128,577</u>

12 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Interim paid	<u>312,000</u>	<u>272,000</u>

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

13 Intangible fixed assets

Group	Goodwill	Software development cost	Trade name and customer list	Total
	£	£	£	£
Cost				
At 1 April 2021	50,000	241,003	362,371	653,374
Additions	-	150,572	-	150,572
Exchange adjustments	-	-	17,799	17,799
At 31 March 2022	50,000	391,575	380,170	821,745
Amortisation and impairment				
At 1 April 2021	50,000	169,247	67,039	286,286
Amortisation charged for the year	-	57,476	73,448	130,924
Exchange adjustments	-	-	176	176
At 31 March 2022	50,000	226,723	140,663	417,386
Carrying amount				
At 31 March 2022	-	164,852	239,507	404,359
At 31 March 2021	-	71,756	295,332	367,088
Company	Goodwill	Software development cost	Total	
	£	£	£	
Cost				
At 1 April 2021	50,000	241,003	291,003	
Additions	-	150,572	150,572	
At 31 March 2022	50,000	391,575	441,575	
Amortisation and impairment				
At 1 April 2021	50,000	169,247	219,247	
Amortisation charged for the year	-	57,476	57,476	
At 31 March 2022	50,000	226,723	276,723	
Carrying amount				
At 31 March 2022	-	164,852	164,852	
At 31 March 2021	-	71,756	71,756	

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

14 Tangible fixed assets

Group	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2021	441,089	952,646	507,213	378,027	24,247	2,303,222
Additions	-	39,629	1,548	25,099	-	66,276
Exchange adjustments	1,419	5,152	8,353	2,481	-	17,405
At 31 March 2022	442,508	997,427	517,114	405,607	24,247	2,386,903
Depreciation and impairment						
At 1 April 2021	224,356	731,850	299,258	229,665	24,247	1,509,376
Depreciation charged in the year	42,934	58,091	42,868	39,374	-	183,267
Exchange adjustments	427	1,944	3,020	2,416	-	7,807
At 31 March 2022	267,717	791,885	345,146	271,455	24,247	1,700,450
Carrying amount						
At 31 March 2022	174,791	205,542	171,968	134,152	-	686,453
At 31 March 2021	216,733	220,796	207,955	148,362	-	793,846
Company						
	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2021	412,202	845,448	337,147	329,839	24,247	1,948,883
Additions	-	38,744	-	25,099	-	63,843
At 31 March 2022	412,202	884,192	337,147	354,938	24,247	2,012,726
Depreciation and impairment						
At 1 April 2021	215,655	689,524	237,775	183,216	24,247	1,350,417
Depreciation charged in the year	37,883	51,937	24,968	37,989	-	152,777
At 31 March 2022	253,538	741,461	262,743	221,205	24,247	1,503,194
Carrying amount						
At 31 March 2022	158,664	142,731	74,404	133,733	-	509,532
At 31 March 2021	196,547	155,924	99,372	146,623	-	598,466

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	2,466	2,466

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation At 1 April 2021 and 31 March 2022	2,466
Carrying amount At 31 March 2022	2,466
At 31 March 2021	2,466

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
CC International LLC	USA	Ordinary	100.00

CC international LLC is a limited liability corporation. As at 31 March 2022 CC International LLC operates from 3959 Temescal Canyon Road, Corona, CA, 92883-5618, United States.

17 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	9,156,571	7,164,456	5,623,127	3,493,852

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

18 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	3,015,813	4,075,442	1,063,792	1,905,959
Corporation tax recoverable	200,261	32,500	200,261	32,500
Amounts owed by group undertakings	-	-	1,050,842	1,667,428
Other debtors	829,623	757,964	860,438	436,403
Prepayments and accrued income	502,079	595,205	458,264	533,921
	4,547,776	5,461,111	3,633,597	4,576,211
Deferred tax asset (note 22)	-	97,244	-	-
	4,547,776	5,558,355	3,633,597	4,576,211

19 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	21	5,070,974	3,665,933	2,917,676	1,618,916
Trade creditors		6,218,649	5,099,688	4,123,761	3,021,125
Other taxation and social security		269,413	183,366	278,105	183,366
Other creditors		300,388	257,950	252,264	59,206
Accruals and deferred income		660,098	710,403	429,624	542,997
		12,519,522	9,917,340	8,001,430	5,425,610

20 Creditors: amounts falling due after more than one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Other creditors	76,032	144,945	-	-

21 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	3,553,455	3,309,295	1,475,214	1,262,985
Bank overdrafts	1,517,519	356,638	1,442,462	355,931
	5,070,974	3,665,933	2,917,676	1,618,916
Payable within one year	5,070,974	3,665,933	2,917,676	1,618,916

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

21 Loans and overdrafts

(Continued)

The bank loans and overdrafts of the parent entity are secured by a debenture and fixed and floating charges over the assets of the company, where security also contains a negative pledge.

The bank loans and overdrafts of the subsidiary has an annual interest rate of LIBOR rate plus 3% and is secured by all assets of the subsidiary company and guaranteed by the parent entity.

22 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	831	9,220	-	-
Other timing differences	-	-	-	97,244
	<u>831</u>	<u>9,220</u>	<u>-</u>	<u>97,244</u>
	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Company				
Accelerated capital allowances	831	9,220	-	-
	<u>831</u>	<u>9,220</u>	<u>-</u>	<u>-</u>
			Group 2022 £	Company 2022 £
Movements in the year:				
Liability/(Asset) at 1 April 2021			(88,024)	9,220
Charge/(credit) to profit or loss			88,855	(8,389)
			<u>831</u>	<u>831</u>
Liability at 31 March 2022				

The deferred tax asset set out above is expected to reverse within 12 months and relates to other timing differences. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	363,146	213,309

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.

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

24 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
C Ordinary of £1 each	1	1	1	1
A Ordinary of 10p each	750	750	65	65
B Ordinary of 10p each	250	250	35	35
D Ordinary of £1 each	1	1	1	1
E Ordinary of £1 each	1	1	1	1
£0.001 A Ordinary of 0.1p each	75,000	75,000	-	-
£0.001 B Ordinary of 0.1p each	25,000	25,000	-	-
	<u>101,003</u>	<u>101,003</u>	<u>103</u>	<u>103</u>

25 Operating lease commitments

Lessee

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

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
Within one year	481,659	425,753	481,659	425,753
Between two and five years	1,808,663	874,632	1,808,663	874,632
In over five years	1,101,250	37,828	1,101,250	37,828
	<u>3,391,572</u>	<u>1,338,213</u>	<u>3,391,572</u>	<u>1,338,213</u>

27 Directors' transactions

Dividends totalling £312,000 (2021 - £272,000) were paid in the year in respect of shares held by the company's directors.

Two directors jointly own a property from which Crafter's Companion Limited operate. During the year Crafter's Companion Limited paid rents to the directors totalling £7,200 (2021: £7,200).

CRAFTER'S COMPANION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

28 Cash (absorbed by)/generated from group operations

	2022 £	2021 £
(Loss)/profit for the year after tax	(1,267,675)	231,471
Adjustments for:		
Taxation (credited)/charged	(86,226)	128,577
Finance costs	115,337	125,547
Investment income	(8,986)	(213)
(Gain)/loss on disposal of tangible fixed assets	(276)	44,943
Amortisation and impairment of intangible assets	130,924	93,485
Depreciation and impairment of tangible fixed assets	183,267	231,340
Movements in working capital:		
(Increase)/decrease in stocks	(1,992,115)	596,702
Decrease/(increase) in debtors	1,081,096	(6,382)
Increase in creditors	1,128,228	1,690,731
Decrease in deferred income	-	(250,000)
Cash (absorbed by)/generated from operations	(716,426)	2,886,201

29 Analysis of changes in net debt - group

	1 April 2021 £	Cash flows £	Exchange rate £	31 March 2022 £
			movements	
Cash at bank and in hand	1,692,925	61,012	17,652	1,771,589
Bank overdrafts	(356,638)	(1,160,881)	-	(1,517,519)
	1,336,287	(1,099,869)	17,652	254,070
Borrowings excluding overdrafts	(3,309,295)	(244,160)	-	(3,553,455)
	(1,973,008)	(1,344,029)	17,652	(3,299,385)