

Company Registration No. 06061318 (England and Wales)

**THE MILLBOARD COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**



# THE MILLBOARD COMPANY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr G Douglass Mr J E Douglass Mr J Douglass Mr H J Douglass
<b>Company Secretary</b>	Mrs A Douglass
<b>Company number</b>	06061318
<b>Registered office</b>	Unit A, Castle Court Bodmin Road Coventry CV2 5DB
<b>Auditor</b>	RSM UK Audit LLP 10 <sup>th</sup> Floor 103 Colmore Row Birmingham B3 3AG
<b>Solicitor</b>	Browne Jacobson LLP 15 <sup>th</sup> Floor 103 Colmore Row Birmingham B3 3AG

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# THE MILLBOARD COMPANY LIMITED

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# THE MILLBOARD COMPANY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their strategic report and financial statements for the year ending 31 December 2022.

#### **Fair review of the business**

The principal activities of the company were the design, development, manufacture and distribution of timber-free decking and cladding, also other innovative products for the garden and outdoor realm. Architects and designers for domestic, commercial, and public projects frequently specify Millboard products. Patents protect the company's principal products. Further information is available at [www.millboard.co.uk](http://www.millboard.co.uk).

The business managed to improve on the previous record operating profits that were achieved in 2021. As a result of previous strategic decisions and investment, the company was well positioned to manage customer demand and has built up additional stocks to maintain excellent product availability for its customers. There has so far been an increase in sales during 2023 compared to 2022.

In November 2021 there was a fire incident affecting a building and plant used for manufacturing some accessory products. There was no personal injury and alternative arrangements were quickly made, so there was minimal impact on product availability and good customer service was maintained. An acceptable insurance settlement has been achieved with payment received from the company's insurer. The proceeds from the business interruption element of the claim are included within Other Operating Income.

There is significant additional growth opportunity in export markets, both with existing distributors and new distributors in other parts of the world. In 2022, the business continued to work with its international distributors to grow sales in these markets, particularly USA. The parent company made substantial capital investment in additional production lines which have now been successfully commissioned. These have substantially increased production capacity to facilitate further growth.

The countries with Approved Millboard Distributors are marked on the map below:



The Millboard Company Limited is certified to ISO9001, ISO14001 and ISO45001.

# THE MILLBOARD COMPANY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Going Concern

The directors having considered forecasts and cashflows prepared for a period of 24 months after the balance sheet date are confident that the company can continue as a going concern. The company is a wholly owned subsidiary of Elmdene Group Limited, a company registered in England and Wales number 06890168. That parent company has the same directors as this company and is committed to providing such additional finance as this company may require. A formal agreement is in place to facilitate this. The directors have successfully maintained their policy of paying all correct supplier invoices within agreed terms.

#### Principal risks and uncertainties

A significant proportion of the company's customers are in the construction sector and consequently it is exposed to risks and uncertainties typical of that sector, including: global economic issues; changes in currency exchange rates; supply chain disruptions; increases in purchase prices; increased competition, particularly from imports; technological challenges; increasing regulation; activity cycles in the sector; international political and economic instability.

The company makes a provision in the financial statements to cover the cost of future warranty claims, underwriting its commitment to fully honour its warranties and provide excellent after sales support to its customers. This provision covers the expected costs of all claims notified up to the date of approving this report and a further provision to meet potential future claims that may arise for the duration of the warranty. The increase in the provision during the current year reflects the amount of sales and a fuller understanding of costs relating to prior years' production. Additional information is provided at Note 14 to the financial statements.

The directors have assessed future risks and challenges and have confidence in the company's future.

#### Development, performance and dividends

During the year, the company achieved sales of £56,512,696 (2021: £57,665,744) increasing its penetration of global markets. The profit before taxation increased to £15,794,893 (2021: £15,118,564).

The company maintained its cash at bank at £3,365,075 (2021: £3,576,036) which is adequate to finance the directors' current plans for further growth. Retained earnings at the year-end were £18,255,377 (2021: £9,240,273) following payment to the parent company during 2022 of a dividend for 2022 totalling £6,000,000 (2021: £6,000,000).

As most of the fixed assets used by this company are owned by its parent company Elmdene Group Limited, the directors recommend referring to the consolidated accounts of that company for meaningful information on equity and reserves.

#### Financial key performance indicators

The key performance indicator used to determine the progress and performance of the company is total turnover. The 2022 turnover of £56,512,696 was a 2% reduction from the 2021 figure of £57,665,744, reflecting the exceptional market conditions in 2021, but operating profit increased by 4%. 2022 turnover was 53% higher than in 2020.

#### Research and development

Expenditure and focus on Research and Development has continued, as the company continues to live its values of continuous improvement and product innovation. Employment of skilled resource has strengthened the development pipeline with innovative new processes, concepts and designs. This investment in future business opportunities is considered essential to ensure that the company's product range keeps ahead and remains competitive. Fire classification EN13501-1: 2018 class D has now been achieved for our Envello Shadowline+ cladding which will open-up additional markets. The company received the 'Innovation in Decking' award at the Deck Expo show in Las Vegas.

#### Financial risk management objectives and policies

The risks faced by the company are considered throughout the year. The principal risks faced by the company are that of cash flow, credit, and liquidity.

# THE MILLBOARD COMPANY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### **Cash flow risk**

The company manages these risks by financing its operations through retained profits, supplemented if necessary by seasonal borrowings from its parent company. The directors recognise that the company's sales have a seasonal pattern which produces a cyclical requirement for working capital.

#### **Credit risk**

The company's principal financial assets are bank balances, trade receivables and stocks. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The company's credit risk is primarily attributable to its trade receivables. This is spread over a reasonably large number of customers, mainly with high credit ratings. The company has credit insurance to ensure that it is protected from a catastrophic incidence of bad debt and operates an effective credit screening and cash collection process.

#### **Liquidity risk**

The management objectives are to retain sufficient liquid funds to enable the company to meet its day-to-day requirements within agreed terms. As major fixed assets used by this company are owned by the parent company, their purchase does not affect the liquidity of this company. Liquidity risk is minimised by a substantial revolving credit facility agreement from the parent company that can be drawn down at short notice if required.

#### **Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The directors consider that they have acted in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the act) in the decisions taken during the year ended 31 December 2022 and in approval of the current business plan.

The directors have been mindful of both the Companies Act and the UK Corporate Governance Code in this respect. As the board of directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within high standards of business conduct and good governance. When making strategic decisions the directors have considered the likely consequences of these decisions in the long term.

#### **Employees**

The company has always aspired to move forward quickly and to do this the business recruits and retains a culture of high achievers. The team increased to 179 employees from a range of ethnicities (2021: 156). The company complies with the EU Settlement Status rules.

Training is and will continue to be a key part of the on-boarding process and is provided to all employees.

Millboard proactively invests in its colleagues on an enduring basis by arranging internal and external courses to improve employee's capability, capacity, productivity, and knowledge.

The health and safety protection of our employees and anyone who can be affected by our activities is a key foundational principle for the company. The company believes in safety by choice, not by chance. It is now over five years since our last RIDDOR injury. We continue to investigate all injuries and incidents to ensure root causes are identified and measures implemented to prevent re-occurrence. All employees at the manufacturing site positively support the improvement process by actively reporting near misses, unsafe acts and conditions. All employees are given free access to an Employee Assistance Service to ensure expert welfare advice is available to promote employee wellbeing and mental health. A defibrillator has been installed in the main office reception area.

The company actively seeks inspection from external independent bodies to verify legal and compliance status. This feedback is incorporated into annual formal Health, Safety and Environment plans with regular formal review by directors.

The company holds six-monthly communication events to which all employees are invited. These ensure that employees have a clear understanding of the company's performance and are aligned and motivated to achieve its strategic goals. Long service awards have been introduced to recognise 10 and 15 years' employment.

# THE MILLBOARD COMPANY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### **Fostering the company's business relationships with suppliers, customers and others**

Innovation and digital transformation remain vital pillars of success for the company and are an increasingly important part of its relationships with customers and suppliers. The rolling plan for the Information Technology (IT) team, infrastructure and systems is continuing with new initiatives being reviewed and prioritised to ensure that the company's growth plans are adequately supported. During the year some file servers were moved to a cloud based platform with increased security. Other changes enabled the IT team to stabilise systems against the changing outside influences to ensure they can continue to work as normal with minimal impact or downtime.

The company remains committed to maintaining good business relationships with its suppliers and to paying all suppliers within agreed terms. Forward supply schedules are agreed with key suppliers.

The company has provided personal customer service and dispatch facilities throughout the year, maintaining suitable safety precautions. Facilities for digital interaction with customers have also improved. To further support its distribution network, the company has an online portal so that distributors can access various marketing assets. This increases the company's control and consistency on how the Millboard brand is portrayed globally.

#### **Considering the impact of the company's operations on the community**

The directors consider the impact of the company's operations on the community. The majority of the company's employees live in the area surrounding its premises. The company's products enhance many public areas and are frequently specified for areas open to the public.

The parent company makes significant donations to UK registered charities. Employees are also encouraged and supported in their charity fund raising initiatives.

The company is committed to compliance with all government regulations and has also achieved accreditation from the Fair Tax Foundation and the Living Wage Foundation.

#### **Considering the impact of the company's operations on the environment**

The company is required to report under SECR due to changes brought about by legislation in 2018.

Information relevant to SECR is included below:

		2022		2021	
	Unit	Kwh	TC02e	Kwh	TC02e
Total site electricity	Kwh	3,534,726	750	4,159,614	883
Total site gas	Kwh	813,261	149	821,179	150
Total site energy	Kwh	4,347,987	899	4,980,793	1,033
Carbon intensity Kwh / turnover (£Millions)			15.59		17.91

We have calculated our Carbon conversion using the government conversion factors for company reporting of greenhouse gas emissions. Efforts continue to reduce the company's environmental impact with initiatives in place to look at increasing the use of renewable energy including implementation of a solar array.

The company's production processes are carried out in accordance with an environmental licence issued by the local government authority. This includes regular onsite testing and monitoring.

# THE MILLBOARD COMPANY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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Sustainability is a key part of the company's planning and so is the impact that its actions have on the future of life, living and livelihoods. The management team work closely with our external suppliers to identify potential reductions of the environmental impact of our manufacturing plant and to improve the life cycle impact of our products. The company has a sustainability committee, led by a third party consultant, which is regularly measuring wider social environmental impact and energy usage of the business. The company has targets in place to reduce energy usage.

#### **How the company maintains a reputation for high standards of business conduct.**

Millboard products are different. They have been developed, created, and engineered to change the way customers think about design and architecture. They give customers an alternative to timber in a simple-to-install, durable, quality solution. They have been carefully created through real passion by the people who are part of Millboard. The directors' mission is to ensure Millboard is a great product, sold through a great company by great people. Their objective is to continue the company's profitable growth trajectory through the following WHY, HOW and WHAT and to do it all by 'The Millboard Way of Working (WOW)'.

The 'WHY', or vision, is: 'Enabling enjoyable experiences- Live Life Outside'. It informs our decisions, it informs our direction, it gives us the guidance to ensure what we do and how we do it lives up to that inspired statement that all stakeholders rally behind.

The 'HOW', or mission, is 'Innovating products that are 'beautifully balanced', where form meets function, where inspiration flows'.

Our 'WHAT', or actions, is: 'Innovate market leading products, deliver seamless customer service, and do it all The Millboard Way of Working (WOW)'. It is the tangible, measurable, accountable actions and activities that ensure Millboard 'enhances the environments that surround us'. It includes the engineering solutions that amplify the best of what nature has to offer.

'The Millboard Way of Working (WOW)', or values, is: How we behave, the considered and passionate way in which we do things, and to deliver the right results for our customers and other stakeholders. The following values help us to achieve The Millboard Way of working: Empowerment, Performance, Integrity, and Care (EPIC).

#### **Understanding the need to act fairly between stakeholders of the company**

The directors understand the need to act fairly between stakeholders of the company. They receive frequent Key Performance Indicators, attend monthly board meetings and receive minutes of these meetings.

One of the strategic goals of the business is to create long-term financial security and stability for employees, owners and other stakeholders.

#### **Future plans**

The company has detailed plans to increase turnover and net profit. These include introduction of new products, expansion of export markets, global marketing, quality assurance, and increased production capacity.

On behalf of the board

*Jerry Douglass*

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Mr Jerry Douglass  
Director

29/09/23     2023

# THE MILLBOARD COMPANY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Principal Activities

The principal activities of the company were the design, development, manufacture and distribution of timber-free decking, cladding, and other innovative products for the garden and outdoor realm.

#### Directors

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

Mr J E Douglass  
Mr J Douglass  
Mr G Douglass  
Mr H J Douglass

#### Directors' indemnity provisions

The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in place at the reporting date.

#### Results and dividends

The results for the year are set out on page 11. During the year a dividend of £6,000,000 was declared and paid.

#### Going Concern

The Directors, having considered the risks to the company together with the resources available are confident that the company has the ability to continue as a going concern.

#### Statement of disclosure to the auditor

As 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 company's auditor is unaware. Additionally, the directors individually have taken all 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 company's auditor is aware of that information.

#### Auditor

RSM UK Audit LLP are deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

#### Strategic Report

Information as required by Schedule 7 of the Large and Medium Sized Companies and Group (Accounts and Reports) Regulations 2008 including principal risks and uncertainties has been included in the Strategic Report.

This report was approved by the board of directors on 29/09/23

and signed on behalf of the board by:

*Jerry Douglass*

Mr Jerry Douglass  
Director

**THE MILLBOARD COMPANY LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors are responsible for preparing the directors' report and the annual report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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 AUDITOR'S REPORT TO THE MEMBERS OF THE MILLBOARD COMPANY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022**

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## **Opinion**

We have audited the financial statements of The Millboard Company Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 of at least twelve months from when the financial statements are authorised for issue.

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

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MILLBOARD COMPANY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022**

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

## **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, 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 7, 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.

## **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MILLBOARD COMPANY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

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However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to compliance with health & safety legislation and employment law. We performed audit procedures to inquire of management and those charged with governance, as well as substantive testing, to confirm whether the company is in compliance with these laws and regulations.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, performance of procedures including data analytics on revenue in the year and tests of detail on revenue transactions to supporting documentation.

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

### 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.

*Paul Oxtoby*

Paul Oxtoby (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

10<sup>th</sup> Floor, 103 Colmore Row

Birmingham

West Midlands

B3 3AG

Date: 29 September 2023

**THE MILLBOARD COMPANY LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
Turnover	3	56,512,696	57,665,744
Cost of sales		(37,109,402)	(34,548,012)
<b>Gross profit</b>		<b>19,403,294</b>	<b>23,117,732</b>
Administrative expenses		(8,711,902)	(7,806,474)
Other operating income	4	5,316,492	22,267
<b>Operating profit</b>	4	<b>16,007,884</b>	<b>15,333,525</b>
Interest receivable and similar income		27,009	1,039
Interest payable and similar expenses	7	(240,000)	(216,000)
<b>Profit before taxation</b>		<b>15,794,893</b>	<b>15,118,564</b>
Taxation	8	(779,789)	(1,416,931)
<b>Profit for the financial year</b>		<b>15,015,104</b>	<b>13,701,633</b>
Retained earnings at 1 January		9,240,273	1,538,640
Dividends	9	(6,000,000)	(6,000,000)
Retained earnings at 31 December		<b>18,255,377</b>	<b>9,240,273</b>

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	10		423,595		206,951
			<hr/>		<hr/>
			423,595		206,951
<b>Current assets</b>					
Stocks	11	14,055,120		8,416,673	
Debtors	12	10,450,784		6,794,256	
Cash at bank		3,365,075		3,576,036	
		<hr/>		<hr/>	
		27,870,979		18,786,965	
<b>Creditors: amounts falling due within one year</b>					
	13	(3,284,839)		(3,732,430)	
		<hr/>		<hr/>	
<b>Net current assets</b>			24,586,140		15,054,535
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			25,009,735		15,261,486
<b>Provisions for liabilities</b>	14	(6,754,354)		(6,021,209)	
		<hr/>		<hr/>	
			18,255,381		9,240,277
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	15		4		4
Profit and loss reserves	16	18,255,377		9,240,273	
		<hr/>		<hr/>	
<b>Total equity</b>			18,255,381		9,240,277
			<hr/>		<hr/>

The notes on pages 13 to 23 form part of these financial statements

These financial statements were approved by the board of directors and authorised for issue on 29/09/23 and are signed on behalf of the board by:

*Jerry Douglass*

Mr Jerry Douglass  
Director

# THE MILLBOARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. Accounting policies

##### Company information

The Millboard Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit A, Castle Court, Bodmin Road, Coventry, CV2 5DB. The company registration number is 06061318.

##### Accounting convention

These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized companies and groups (accounts and reports) regulations 2008, under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company.

##### Reduced Disclosures

The company has taken advantage of the exemption from disclosing the following information as permitted by the reduced disclosure scheme under FRS102:

Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.

Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

Section 11 'Basic Financial Instruments' & 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.

##### Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors have prepared cash flow forecasts covering a period of over twelve months from the date of approval of these financial statements and such forecasts have indicated that sufficient funds will be available to enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The directors are confident that with a strong balance sheet and additional funding available from existing loan facilities, if required, the going concern basis remains appropriate.

##### Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 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.

Included within other operating income and Note 4 are amounts received from the UK Government in respect of the Covid SSP Scheme and (in 2021 only) the Coronavirus Job Retention Scheme (CJRS).

##### 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 at 25% on the reducing balance basis for vehicles and 15% on the straight line basis for other tangible fixed assets.

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 credited or charged to profit or loss.

# THE MILLBOARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. Accounting policies (continued)

##### **Intangible fixed assets**

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	3 years straight line basis
-----------------------------	-----------------------------

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

##### **Impairment of fixed assets**

At each reporting period end date, the company 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.

##### **Stocks**

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

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

##### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

##### **Financial instruments**

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

##### **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.

# THE MILLBOARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. Accounting policies (continued)

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company 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 company after deducting all of its liabilities.

##### ***Basic financial liabilities***

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

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

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

##### ***Derecognition of financial liabilities***

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

##### ***Equity instruments***

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

##### ***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 and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged directly to equity, in which case the deferred tax is dealt with in equity. Deferred tax assets and liabilities are offset when the company has 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.

# THE MILLBOARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. Accounting policies (continued)

##### **Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### **Employment benefits**

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

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

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

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or prepayments.

##### **Leases**

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

##### **Leases (continued)**

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

##### **Foreign exchange**

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

#### 2. Areas of significant judgement and estimation uncertainty

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

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

##### **Warranty provision**

A provision is recognised for potential warranty claims on products sold. The directors have made key assumptions regarding future anticipated costs having due regards for costs incurred historically, knowledge of the business and work not yet completed at the reporting date.

##### **Taxation**

The Company establishes provisions for corporation tax payable based on reasonable estimates from its professional advisors.

# THE MILLBOARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2. Areas of significant judgement and estimation uncertainty (continued)

##### *Slow moving stock provision*

The directors have made key assumptions in calculating the provision included within the financial statements for potentially obsolete stock, based on their knowledge of the business and future anticipated sales. Stock included on the balance sheet is net of this provision.

##### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

#### 3. Turnover

An analysis of the company's turnover is as follows:

	2022 £	2021 £
<b>Turnover</b>		
Sale of Goods	56,512,696	57,665,744
	<u>56,512,696</u>	<u>57,665,744</u>
<b>Turnover analysed by geographical market</b>		
United Kingdom	35,905,248	39,329,729
Europe	11,587,609	10,180,527
Rest of the World	9,019,839	8,155,488
	<u>56,512,696</u>	<u>57,665,744</u>

#### 4. Operating profit

Operating profit for the year is stated after charging/(crediting):

	2022 £	2021 £
Other operating (income) – Government grants	(1,492)	(14,084)
Other operating (income) – Insurance proceeds	(5,300,000)	-
Other operating (income) – Compensation from advisors	(15,000)	-
(Profit) on disposal of tangible fixed assets	(653)	(3,107)
Depreciation of owned tangible fixed assets	80,960	35,634
Exchange (gains) / losses	(224,446)	58,452
Operating lease charges	243,991	181,858
Research and development costs	272,360	394,876
Fees payable to the company's auditor for the audit of the company's financial statements	31,261	28,881
Stock impairment losses recognised in cost of sales	70,288	13,374
	<u>70,288</u>	<u>13,374</u>

# THE MILLBOARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5. Employees

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

	2022 Number	2021 Number
Administration and sales	58	52
Manufacturing	121	104
	<hr/>	<hr/>
Total	179	156
	<hr/>	<hr/>
Their aggregate remuneration comprised:		
Wages and salaries	8,925,596	7,883,522
Employer's national insurance	1,046,840	899,375
Employer pension contributions, defined contributions scheme	274,249	241,940
	<hr/>	<hr/>
	10,246,685	9,024,837
	<hr/>	<hr/>

#### 6. Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	405,147	402,452
Employer pension contributions, defined contributions scheme	4,403	4,396
	<hr/>	<hr/>
	409,550	406,848
	<hr/>	<hr/>

The number of directors accruing retirement benefits (defined contributions scheme) was 2 (2021: 2).

The highest paid director received remuneration of £134,959 (2021: £133,699) and pension employer contributions of £2,201 (2021: £2,198) during the year.

#### Key management personnel

The total compensation of the company's directors and employees who are considered to be the key management personnel of the company was £942,458 (2021: £983,314).

#### 7. Interest payable

	2022 £	2021 £
Group interest and similar charges	240,000	216,000
	<hr/>	<hr/>
	240,000	216,000
	<hr/>	<hr/>

**THE MILLBOARD COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**8. Taxation**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,023,083	1,413,176
Adjustments in respect of prior periods	(130,592)	(323)
Total current tax	<u>892,491</u>	<u>1,412,853</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>35,498</u>	<u>4,078</u>
Total tax charge	<u><u>927,989</u></u>	<u><u>1,416,931</u></u>
	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Profit before taxation	<u>15,794,893</u>	<u>15,118,564</u>
Expected tax charge based on a corporation tax rate of 19% (2021: 19%)	3,001,030	2,872,527
Tax effect of expenses that are not deductible in determining taxable profit	5,063	2,712
Additional deduction for R&D expenditure	(148,200)	(193,895)
Patent box	(950,000)	(1,090,373)
Group relief claimed	(1,004,487)	(172,117)
Timing differences	(26,978)	(4,459)
Tax adjustments in respect of prior years	(130,592)	(323)
Movement in deferred tax	35,498	4,078
Other differences	(1,545)	(1,219)
Tax charge	<u><u>779,789</u></u>	<u><u>1,416,931</u></u>

**9. Dividends**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Final paid in respect of 2021:		
Ordinary 'A' shares (£1,500,000 per share)	-	6,000,000
Interim paid in respect of 2022:		
Ordinary 'A' shares (£1,500,000 per share)	<u>6,000,000</u>	<u>-</u>
	<u><u>6,000,000</u></u>	<u><u>6,000,000</u></u>

Since the balance sheet date, a further interim dividend of £3,000,000 (£750,000 per share) has been declared and paid in respect of 2022.

**THE MILLBOARD COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**10. Tangible fixed assets**

	Office Equipment £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 January 2022	65,886	71,922	206,933	344,741
Additions	29,994	2,185	269,356	301,535
Disposals	-	-	(20,650)	(20,650)
At 31 December 2022	<u>95,880</u>	<u>74,107</u>	<u>455,639</u>	<u>625,626</u>
<b>Depreciation</b>				
At 1 January 2022	26,397	39,063	72,330	137,790
Depreciation charged in the year	9,886	12,616	58,458	80,960
Eliminated in respect of disposals	-	-	(16,719)	(16,719)
At 31 December 2022	<u>36,283</u>	<u>51,679</u>	<u>114,069</u>	<u>202,031</u>
<b>Carrying amount</b>				
At 31 December 2022	<u>59,597</u>	<u>22,428</u>	<u>341,570</u>	<u>423,595</u>
At 31 December 2021	<u>39,489</u>	<u>32,859</u>	<u>134,603</u>	<u>206,951</u>

**11. Stocks**

	2022 £	2021 £
Raw Materials and consumables	2,261,805	1,639,625
Finished goods and goods for resale	11,793,315	6,777,048
	<u>14,055,120</u>	<u>8,416,673</u>

**12. Debtors**

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	8,552,188	6,360,130
Amounts due from group undertakings	336,447	1,535
VAT recoverable	-	258,156
Other debtors	959	1,839
Corporation tax recoverable	1,258,130	-
Prepayments and accrued income	303,060	163,909
Deferred tax asset	-	8,687
	<u>10,450,784</u>	<u>6,794,256</u>

**THE MILLBOARD COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**13. Creditors: amounts falling due within one year**

	2022 £	2021 £
Trade creditors	1,917,957	2,490,932
Amounts due to group undertakings	-	398,221
VAT liability	58,565	-
Other taxation and social security	285,789	289,997
Other creditors	87,668	73,006
Corporation tax payable	-	149,062
Accruals and deferred income	934,860	331,212
	<u>3,284,839</u>	<u>3,732,430</u>

Other creditors include pension contributions of £40,529 (2021: £39,995) due to the scheme.

**14. Provision for liabilities**

	Deferred Tax	Warranty	Total £
1 January 2022	-	6,021,209	6,021,209
Utilised during the year	-	(1,372,932)	(1,372,932)
Charge for the year	26,811	2,079,266	2,106,077
	<u>26,811</u>	<u>6,727,543</u>	<u>6,754,354</u>
31 December 2022	<u>26,811</u>	<u>6,727,543</u>	<u>6,754,354</u>

As at 31 December 2022, the Company carried a warranty provision of £6,727,543 (2021: £6,021,209) against the cost of replacing products where there were known specific warranty issues and expected warranty issues based on past experience.

Determining the amount of the provision, which reflects the Board's best estimate of resolving these issues, requires the exercise of significant judgement. It is necessary, therefore, to form a view on matters which are inherently uncertain, such as the claims profile over time, the final claim rate, whether the claim rates from different sales channels will vary and the average cost of redress.

The key drivers relating to the warranty provision as at 31 December 2022 and the work the Board has undertaken to assess them, are set out below:

- **Final claim percentage rate.** The Board has used past experience of the Company's product claims to develop a model of the expected claims profile in order to estimate the final claim percentage rate, using the best available data.
- **The claims rate for each year affected.** The Board has considered the specific factors in the manufacturing process during each year that have an effect on claim rates.
- **Different product claim rates from different sales channels.** The Board has estimated the expected product claim rates for different sales channels based on the Company's past experience.
- **Cost of redress.** The cost of issuing free of charge replacements and of reinstatement are relatively straightforward to determine and as such, this is the lowest risk assumption in the model.

# THE MILLBOARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 15. Called up share capital

	2022 £	2021 £
<b>Ordinary share capital - Authorised</b>		
500 Ordinary 'A' shares of £1 each	500	500
500 Ordinary 'B' shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
<b>Issued and fully paid</b>		
4 Ordinary 'A' shares of £1 each	4	4
	<u>4</u>	<u>4</u>
<b>Ordinary Shares</b>		

The company's shares have unrestricted voting rights together with unrestricted rights to participate in distributions of dividends and capital.

#### 16. Reserves

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

#### 17. Pension commitments

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £274,249 (2021: £241,940). Contributions totalling £40,529 (2021: £39,995) were payable to the scheme at the end of the year and are included in creditors.

#### 18. Operating lease commitments

##### Lessee

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

	2022 £	2021 £
Within one year	316,801	148,674
Between one and five years	724,824	185,843
	<u>1,041,625</u>	<u>334,517</u>

#### 19. Related party transactions

##### Murray Uniforms Limited

During the year the company recharged business expenses of £23,625 (2021: £18,212) to Murray Uniforms Limited, a fellow subsidiary company of Elmdene Group Limited. During the year the company purchased goods totalling £7,752 (2021: £10,401) from Murray Uniforms Limited. At the year end the balance due from Murray Uniforms Limited was £799 (2021: £1,516).

##### Other

During the year the company purchased goods and services totalling £180,424 (2021: £206,343), from businesses connected to close family members of the Directors. The owed balance at 31 December 2022 was £9,443 (2021: £45,906).

The company has taken advantage of the exemption available in FRS 102 Section 33 whereby it has not disclosed transactions with Elmdene Group Limited.

# **THE MILLBOARD COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **20 Parent company**

The company's immediate and ultimate parent company is Elmdene Group Limited. Their registered office is Unit A, Castle Court, Bodmin Road, Coventry, West Midlands, CV2 5DB. This is the smallest and largest group for which consolidated accounts that include the company's results are prepared. The ultimate controlling party is the Board of Directors of Elmdene Group Limited.