

Company Registration No. 12347896 (England and Wales)

# MOROAK HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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**OLD M<sup>LL</sup> LL**

# **MOROAK HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr M W Barter Mr T W Barter Mr T M Browning Mr B W Barter Mr C A Pavey
<b>Company number</b>	12347896
<b>Registered office</b>	Clarence House Watercombe Lane YEOVIL Somerset BA20 2SU
<b>Auditor</b>	Old Mill Audit Limited Maltravers House Petters Way YEOVIL Somerset BA20 1SH

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# **MOROAK HOLDINGS LIMITED**

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**MOROAK HOLDINGS LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**Fair Review of the Business**

The group's activities in the year under review shows an increase in turnover of £3,173,781 (15.9%). Gross margins have increased to 27.0% (2020: 25.1%) despite an extremely competitive market place and an increase in raw material costs. During the year Moroak Limited has continued to grow sales in a very challenging market. This has been achieved by increased market penetration and increased bespoke products.

The continuing focus in this very demanding marketplace is to add value by concentrating on brand values and product diversification and to concentrate on the end user and bespoke sales.

Sales have been maximised by continually monitoring sales activity and carefully managing margins. The directors are continuing to invest in the business, and are satisfied with the results for the year.

**Results and dividends**

Group profit for the year after taxation amounted to £766,941. No dividends have been paid by Moroak Holdings Limited. EBITDA totalled £2,058,018 for the year (2020: £796,881) and is considered by management to be a key performance indicator.

**Research and development**

During the year the group had research and development qualifying expenditure relating to innovations in the design, sealing and printing of specialist envelopes. Research and development expenditure is written off in the year in which it is incurred.

**Principal risks and uncertainties**

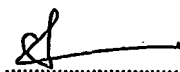
The directors aim to reduce the impact of any risks to the group at all times. There are a number of risks which face the group and the directors have worked throughout the year to limit these risks by widening the customer base, increasing the use of credit insurance cover, developing sound contracts with all customers, and limiting the risk in the fluctuating currency exchange rates by planned forward buying and hedging currencies.

The performance of the group is monitored against the number of contracts won, the value of these orders and the results from managing purchasing and selling prices. The directors manage the overheads tightly and the improvement of utilisation of labour has contributed to the process of strengthening and repositioning the business during the year.

The principal risks within the business relate to credit risk and those associated with the need to carry sufficient, but not excess, stock levels to service the needs of its customers, without exposing the company to undue stock holding risks.

Management adopt a proactive approach to minimising these risks by the use of credit limits and checks in respect of its customers. There is no undue reliance on individual customers for trade. Stock risk is minimised by constant reviews of stock levels to minimise excess holdings whilst maintaining operational levels. The company has implemented measures considered appropriate by management to minimise the risk of stock loss.

On behalf of the board



Mr C A Pavey  
Director

Date: 16 June 2022

# **MOROAK HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

### **Principal activities**

The principal activity of the company and group continued to be that of the wholesale and purchase of packaging products.

### **Branches**

The company has ten subsidiary companies, three of which are branches outside of the UK.

### **Results and dividends**

The results for the year are set out on pages 8 to 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

### **Directors**

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

Mr M W Barter

Mr T W Barter

Mr T M Browning

Mr B W Barter

Mr C A Pavey

### **Auditor**

Old Mill Audit Limited 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.

### **Corporate governance**

During the year, the company and group applied the UK Corporate Governance Code by following the provisions of the statutory and regulatory regime outlined by the Financial Reporting Council.

### **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.

### **Subsidiary audit exemption**

The UK subsidiaries Made By Blake Limited and Moroak Management Limited have taken the audit exemption under s479A of the Companies Act for the accounting periods ended 31 December 2021.

**MOROAK HOLDINGS LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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On behalf of the board



.....  
Mr C A Pavay  
Director

Date: 16 June 2022  
.....

## **MOROAK HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**MOROAK HOLDINGS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF MOROAK HOLDINGS LIMITED**

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**Opinion**

We have audited the financial statements of Moroak Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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



## MOROAK HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF MOROAK HOLDINGS LIMITED

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

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

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

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

##### Responsibilities of directors

As explained more fully in the 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 company or to cease operations, or have no realistic alternative but to do so.

##### Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## MOROAK HOLDINGS LIMITED

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

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#### How the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

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#### 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.

*Old Mill Audit Limited*

Jolyon Stonehouse BA ACA CF (Senior Statutory Auditor)  
For and on behalf of Old Mill Audit Limited  
Statutory Auditor

20 June 2022  
Date: .....

Maltravers House  
Petters Way  
YEOVIL  
Somerset  
BA20 1SH

**MOROAK HOLDINGS LIMITED**  
**GROUP STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Continuing operations £	Discontinued operations £	31 December 2021 £	Continuing operations £	Discontinued operations £	31 December 2020 £
Turnover	3	23,086,560	-	23,086,560	18,722,686	1,190,093	19,912,779
Cost of sales		(16,847,626)	-	(16,847,626)	(14,089,126)	(818,579)	(14,907,705)
Gross profit		6,238,934	-	6,238,934	4,633,560	371,514	5,005,074
Administrative expenses		(5,263,296)	-	(5,263,296)	(4,732,423)	(41,183)	(4,773,606)
Other operating income		97,813	-	97,813	222,589	-	222,589
Operating profit	4	1,073,451	-	1,073,451	123,726	330,331	454,057
Interest receivable and similar income	7	126	-	126	46,022	-	46,022
Interest payable and similar expenses	8	(1,812)	-	(1,812)	(313,861)	-	(313,861)
Profit before taxation		1,071,765	-	1,071,765	483,609	330,331	813,940
Tax on profit	9	(304,824)	-	(304,824)	287,849	-	287,849
Profit for the financial year		766,941	-	766,941	771,458	330,331	1,101,789
Other comprehensive income							
Currency translation differences				(11,036)			67
Total comprehensive income for the year				755,905			1,101,856

**MOROAK HOLDINGS LIMITED**

**GROUP STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

Notes	Continuing operations £	Discontinued operations £	31 December 2021 £	Continuing operations £	Discontinued operations £	31 December 2020 £
Profit for the financial year is attributable to:						
- Owners of the parent company			343,856			993,704
- Non-controlling interests			423,085			108,085
			<u>766,941</u>			<u>1,101,789</u>
Total comprehensive income for the year is attributable to:						
- Owners of the parent company			332,820			993,771
- Non-controlling interests			423,085			108,085
			<u>755,905</u>			<u>1,101,856</u>

# MOROAK HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Goodwill	12		860,469		-
Other intangible assets	12		33,450		34,840
<b>Total intangible assets</b>			<u>893,919</u>		<u>34,840</u>
<b>Tangible assets</b>	13		3,643,203		4,380,086
			<u>4,537,122</u>		<u>4,414,926</u>
<b>Current assets</b>					
Stocks	17	2,758,602		2,214,106	
Debtors	18	11,105,576		10,628,209	
Cash at bank and in hand		2,910,123		1,955,227	
		<u>16,774,301</u>		<u>14,797,542</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(3,334,702)</u>		<u>(2,089,902)</u>	
<b>Net current assets</b>			<u>13,439,599</u>		<u>12,707,640</u>
<b>Total assets less current liabilities</b>			<u>17,976,721</u>		<u>17,122,566</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	20	177,728		79,478	
		<u>(177,728)</u>		<u>(79,478)</u>	
<b>Net assets</b>			<u><u>17,798,993</u></u>		<u><u>17,043,088</u></u>
<b>Capital and reserves</b>					
Called up share capital	22		400		400
Share premium account			1,901,849		1,901,849
Profit and loss reserves			<u>15,365,574</u>		<u>15,032,754</u>
<b>Equity attributable to owners of the parent company</b>			<u>17,267,823</u>		<u>16,935,003</u>
<b>Non-controlling interests</b>			<u>531,170</u>		<u>108,085</u>
			<u><u>17,798,993</u></u>		<u><u>17,043,088</u></u>

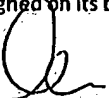
**MOROAK HOLDINGS LIMITED**

**GROUP BALANCE SHEET (CONTINUED)**

**AS AT 31 DECEMBER 2021**

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The financial statements were approved by the board of directors and authorised for issue on 16 June 2022 and are signed on its behalf by:



.....  
Mr M W Barter  
Director



.....  
Mr C A Pavey  
Director

# MOROAK HOLDINGS LIMITED

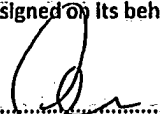
## COMPANY BALANCE SHEET

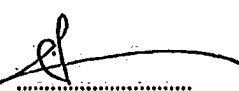
AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	13	2,868,991		3,642,631	
Investments	14	400		400	
		<u>2,869,391</u>		<u>3,643,031</u>	
<b>Current assets</b>					
Debtors	18	5,534,234		5,349,472	
Cash at bank and in hand		999,317		955,135	
		<u>6,533,551</u>		<u>6,304,607</u>	
Creditors: amounts falling due within one year	19	(1,909,837)		(1,902,210)	
<b>Net current assets</b>		<u>4,623,714</u>		<u>4,402,397</u>	
<b>Net assets</b>		<u>7,493,105</u>		<u>8,045,428</u>	
<b>Capital and reserves</b>					
Called up share capital	22	400		400	
Profit and loss reserves		7,492,705		8,045,028	
<b>Total equity</b>		<u>7,493,105</u>		<u>8,045,428</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 £552,323 (2020 - £8,045,028 profit).

The financial statements were approved by the board of directors and authorised for issue on 16 June 2022 and are signed on its behalf by:

  
 Mr M W Barter  
 Director

  
 Mr C A Pavey  
 Director

Company Registration No. 12347896

**MOROAK HOLDINGS LIMITED**  
**GROUP STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Share premium account	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2020	400	-	14,049,345	14,049,745	-	14,049,745
Year ended 31 December 2020:						
Profit for the year	-	-	993,704	993,704	108,085	1,101,789
Other comprehensive income:						
Currency translation differences	-	-	67	67	-	67
Total comprehensive income for the year	-	-	993,771	993,771	108,085	1,101,856
Issue of share capital	22	1,901,849	-	1,901,849	-	1,901,849
Dividends	-	-	(10,362)	(10,362)	-	(10,362)
Balance at 31 December 2020	400	1,901,849	15,032,754	16,935,003	108,085	17,043,088
Year ended 31 December 2021:						
Profit for the year	-	-	343,856	343,856	423,085	766,941
Other comprehensive income:						
Currency translation differences	-	-	(11,036)	(11,036)	-	(11,036)
Total comprehensive income for the year	-	-	332,820	332,820	423,085	755,905
Balance at 31 December 2021	400	1,901,849	15,365,574	17,267,823	531,170	17,798,993



**MOROAK HOLDINGS LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 January 2020</b>	400	-	400
<b>Year ended 31 December 2020:</b>			
<b>Profit and total comprehensive income for the year</b>	-	8,045,028	8,045,028
<b>Balance at 31 December 2020</b>	400	8,045,028	8,045,428
<b>Year ended 31 December 2021:</b>			
<b>Loss and total comprehensive income for the year</b>	-	(552,323)	(552,323)
<b>Balance at 31 December 2021</b>	400	7,492,705	7,493,105

**MOROAK HOLDINGS LIMITED**

**GROUP STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021		2020
	Notes	£	£	£
<b>Cash flows from operating activities</b>				
Cash generated from/(absorbed by) operations	25	2,124,994		(2,101,441)
Interest paid		(1,812)		(1,955)
Income taxes (paid)/refunded		(32,307)		31,148
<b>Net cash inflow/(outflow) from operating activities</b>		<b>2,090,875</b>		<b>(2,072,248)</b>
<b>Investing activities</b>				
Purchase of intangible assets		(874,651)		(20,309)
Purchase of tangible fixed assets		(361,383)		(931,495)
Proceeds on disposal of tangible fixed assets		110,965		169,297
Proceeds on disposal of investments		-		(2,126)
Receipts arising from loans made		-		2,126
Interest received		126		46,022
<b>Net cash used in investing activities</b>		<b>(1,124,943)</b>		<b>(736,485)</b>
<b>Financing activities</b>				
Proceeds from issue of shares		-		1,903,049
Payment of finance lease obligations		-		(8,256)
Dividends paid to equity shareholders		-		(10,362)
<b>Net cash (used in)/generated from financing activities</b>		<b>-</b>		<b>1,884,431</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>965,932</b>		<b>(924,302)</b>
Cash and cash equivalents at beginning of year		1,955,227		2,879,529
Effect of foreign exchange rates		(11,036)		-
<b>Cash and cash equivalents at end of year</b>		<b>2,910,123</b>		<b>1,955,227</b>

**MOROAK HOLDINGS LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**Company Information**

Moroak Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Clarence House, Watercombe Lane, YEovil, Somerset, BA20 2SU.

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

**1.1 Accounting convention**

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and 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: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

**1.2 Business combinations**

The consolidated financial statements incorporate those of Moroak Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Moroak Holdings Limited incorporated in December 2019 and The Moroak group was created in April 2020 when the company and its direct subsidiary Moroak Management Limited acquired the share capital of Moroak Limited, Made by Blake Limited and other subsidiaries as part of a group reconstruction. Consequently the accounts have been prepared using the merger accounting method as permitted by FRS102 for group reconstructions. This means that the comparatives are stated as if the group had been in existence from the beginning of the comparative period albeit, the group came to being during the period to 31 December 2020. Under the FRS102 merger accounting method comparative figures are presented in order to provide a view of what the group's position and performance would have been if it had existed from the beginning of the comparative period. Shares were issued in Moroak Management Limited in order to purchase the new subsidiaries by way of a share for share subscription.

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.

## MOROAK HOLDINGS LIMITED

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

FOR THE YEAR ENDED 31 DECEMBER 2021

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<b>1</b>	<b>Accounting policies</b>	<b>(Continued)</b>
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<b>1.3</b>	<b>Basis of consolidation</b>
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All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

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

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

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

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

<b>1.4</b>	<b>Going concern</b>
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The directors have assessed possible future scenarios in their efforts to take all reasonable measures to ensure the business can continue for the foreseeable future. Based on the steps taken by the group, in the directors' opinion it is reasonable and appropriate to continue preparing the accounts on the going concern basis.

<b>1.5</b>	<b>Turnover</b>
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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.

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.

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 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.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.7 Intangible fixed assets other than goodwill

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

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

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

Software	20% Reducing Balance
Brand	20% Reducing Balance

#### 1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Freehold land and buildings	25 years straight line
Leasehold improvements	20% Reducing balance
Plant and equipment	20%/25% reducing balance
Fixtures and fittings	20% reducing balance
Computers	20% reducing balance
Motor vehicles	25% 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.

## MOROAK HOLDINGS LIMITED

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

FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.9 Fixed asset investments

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

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

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

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

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

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

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

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

##### 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.

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

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 comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

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

#### 1.12 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.

#### 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.

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### *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.

##### *Basic financial liabilities*

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

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

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

##### *Other financial liabilities*

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

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



# MOROAK HOLDINGS LIMITED

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

### 1 Accounting policies

(Continued)

#### *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 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.

##### *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.

#### 1.16 Employee benefits

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

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

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

#### 1.17 Retirement benefits

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

#### 1.18 Leases

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

## MOROAK HOLDINGS LIMITED

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

FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

##### 1.19 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.

##### 1.20 Foreign exchange

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

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

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

##### ***Recoverability of debts***

The directors have reviewed all significant debts on a case by case basis and have made a provision against or written off bad debts based upon their knowledge of both the specific debtor and the current economic conditions within the industry.

##### ***Provision for obsolete and slow moving stock***

The directors have reviewed the year-end stock listing and stock take results and, based on their knowledge of current market conditions and expected future orders, have made provision against obsolete and slow moving stocks to the extent that estimated selling price less costs to complete and sell are lower than cost. The carrying amount stock provisions as at 31 December 2021 was £281,476 (2020 - £278,327).

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### 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.

#### Estimated useful lives

In determining the estimated useful life the Company considers the expected usage of the asset, expected physical wear and tear of the asset and expected technical advancements in the industry that could lead to obsolescence of the asset. Each year the Company reviews the above to establish if there is any change in the expected useful life of tangible assets.

### 3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Sales	23,086,560	19,912,779
	2021	2020
	£	£
Other significant revenue		
Interest Income	126	46,022
Grants received	62,813	222,589
	2021	2020
	£	£
Turnover analysed by geographical market		
UK	19,759,839	18,769,354
EU	3,221,214	1,114,556
Rest of World	105,507	28,869
	23,086,560	19,912,779

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(112,828)	41,103
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(162,069)	41,103
Government grants	(62,813)	(222,589)
Depreciation of owned tangible fixed assets	642,431	341,313
Impairment of owned tangible fixed assets	327,538	-
(Profit)/loss on disposal of tangible fixed assets	(10,025)	84,180
Amortisation of intangible assets	14,599	1,511
Operating lease charges	458,400	282,828
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,100	4,900
Audit of the financial statements of the company's subsidiaries	21,545	13,000
	<u>          </u>	<u>          </u>
	26,645	17,900
	<u>          </u>	<u>          </u>

### 6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
	56	48	-	-
	14	15	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	70	63	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,676,085	2,808,915	-	-
Social security costs	261,513	264,180	-	-
Pension costs	28,208	33,881	-	-
	<u>2,965,806</u>	<u>3,106,976</u>	<u>-</u>	<u>-</u>

### 7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	114	45,214
Other interest income	12	808
Total income	<u>126</u>	<u>46,022</u>

### 8 Interest payable and similar expenses

	2021 £	2020 £
Finance costs for financial instruments measured at fair value through profit or loss	-	(315,816)
Other interest	1,812	1,955
Total finance costs	<u>1,812</u>	<u>(313,861)</u>

### 9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	385,970	(188,305)
Adjustments in respect of prior periods	(166,994)	(123,985)
Total current tax	<u>218,976</u>	<u>(312,290)</u>

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation	(Continued)	
	2021	2020
	£	£
<b>Deferred tax</b>		
Origination and reversal of timing differences	86,053	24,441
Foreign exchange differences	(205)	-
<b>Total deferred tax</b>	<u>85,848</u>	<u>24,441</u>
<b>Total tax charge/(credit)</b>	<u>304,824</u>	<u>(287,849)</u>

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

	2021	2020
	£	£
<b>Profit before taxation</b>	<u>1,071,765</u>	<u>813,940</u>
<b>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</b>	203,635	154,649
Tax effect of expenses that are not deductible in determining taxable profit	51,334	9,976
Depreciation on assets not qualifying for tax allowances	34,735	601
Amortisation on assets not qualifying for tax allowances	704	-
Other non-reversing timing differences	-	92,641
Effect of overseas tax rates	10,534	-
Under/(over) provided in prior years	(166,994)	(545,716)
Foreign exchange differences	(205)	-
Adjustment in respect to prior year	(4,950)	-
Allowable depreciation on finance leases	128,857	-
30% additional allowance on 130% additions	(3,696)	-
Deferred tax movements	50,870	-
<b>Taxation charge/(credit)</b>	<u>304,824</u>	<u>(287,849)</u>

### 10 Discontinued operations

#### Made By Blake Limited

During the prior period the directors took the decision to discontinue the operations of Made By Blake Limited in order to consolidate focus on other areas of the business. Moroak Holdings Limited still holds the controlling share capital of Made By Blake Limited via Moroak Management Limited.

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Property, plant and equipment	13	327,538	-
Recognised in:			
Administrative expenses		327,538	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

### 12 Intangible fixed assets

Group	Goodwill £	Software £	Brand £	Total £
<b>Cost</b>				
At 1 January 2021	-	18,861	21,500	40,361
Additions - separately acquired	-	-	3,289	3,289
Additions - business combinations	871,362	-	-	871,362
Disposals	-	(136)	-	(136)
Exchange adjustments	-	(837)	-	(837)
At 31 December 2021	871,362	17,888	24,789	914,039
<b>Amortisation and impairment</b>				
At 1 January 2021	-	709	4,812	5,521
Amortisation charged for the year	10,893	368	3,338	14,599
At 31 December 2021	10,893	1,077	8,150	20,120
<b>Carrying amount</b>				
At 31 December 2021	860,469	16,811	16,639	893,919
At 31 December 2020	-	18,152	16,688	34,840

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

More information on impairment movements in the year is given in note 11.

MOROAK HOLDINGS LIMITED

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

13 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>							
At 1 January 2021	1,249,079	1,440,290	3,126,009	-	19,270	354,627	6,189,275
Additions	-	-	205,162	21,413	17,439	117,369	361,383
Disposals	-	-	(114,521)	-	-	(51,030)	(165,551)
Exchange adjustments	-	-	-	-	(57)	(7,250)	(7,307)
<b>At 31 December 2021</b>	<b>1,249,079</b>	<b>1,440,290</b>	<b>3,216,650</b>	<b>21,413</b>	<b>36,652</b>	<b>413,716</b>	<b>6,377,800</b>
<b>Depreciation and Impairment</b>							
At 1 January 2021	-	96,028	1,590,896	-	5,050	117,215	1,809,189
Depreciation charged in the year	-	178,859	403,145	2,792	4,039	53,596	642,431
Impairment losses	-	-	327,538	-	-	-	327,538
Eliminated in respect of disposals	-	-	(33,239)	-	-	(11,322)	(44,561)
<b>At 31 December 2021</b>	<b>-</b>	<b>274,887</b>	<b>2,288,340</b>	<b>2,792</b>	<b>9,089</b>	<b>159,489</b>	<b>2,734,597</b>
<b>Carrying amount</b>							
At 31 December 2021	1,249,079	1,165,403	928,310	18,621	27,563	254,227	3,643,203
At 31 December 2020	1,249,079	1,344,262	1,535,113	-	14,220	237,412	4,380,086



# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Freehold land and buildings £	Leasehold improvements £	Plant and equipment £	Total £
<b>Cost</b>				
At 1 January 2021	1,249,079	1,440,290	1,198,924	3,888,293
Additions	-	-	76,807	76,807
Disposals	-	-	(83,368)	(83,368)
At 31 December 2021	1,249,079	1,440,290	1,192,363	3,881,732
<b>Depreciation and Impairment</b>				
At 1 January 2021	-	96,028	149,634	245,662
Depreciation charged in the year	-	178,859	260,682	439,541
Impairment losses	-	-	327,538	327,538
At 31 December 2021	-	274,887	737,854	1,012,741
<b>Carrying amount</b>				
At 31 December 2021	1,249,079	1,165,403	454,509	2,868,991
At 31 December 2020	1,249,079	1,344,262	1,049,290	3,642,631

More information on impairment movements in the year is given in note 11.

#### 14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	400	400

#### Movements in fixed asset investments Company

	Shares in subsidiaries £
<b>Cost or valuation</b>	
At 1 January 2021 and 31 December 2021	400
<b>Carrying amount</b>	
At 31 December 2021	400
At 31 December 2020	400

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Subsidiaries

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

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Moroak Management Limited	Clarence House Watercombe Lane, Lynx West Trading Estate, Yeovil, England, BA20 2SU	Ordinary Shares	60.00	-
Moroak Limited	Clarence House Watercombe Lane, Lynx West Trading Estate, Yeovil, Somerset, BA20 2SU	Ordinary Shares	-	60.00
Made By Blake Limited	Clarence House Watercombe Lane, Lynx West Trading Estate, Yeovil, United Kingdom, BA20 2SU	Ordinary Shares	-	60.00
Blake Envelopes International Limited	Clarence House Watercombe Lane, Lynx West Trading Estate, Yeovil, Somerset, BA20 2SU	Ordinary Shares	-	60.00
Inklings England Limited	Clarence House Watercombe Lane, Lynx West Trading Estate, Yeovil, United Kingdom, BA20 2SU	Ordinary Shares	-	60.00
Blake Managed Services Limited	Clarence House Watercombe Lane, Lynx West Trading Estate, Yeovil, United Kingdom, BA20 2SU	Ordinary Shares	-	60.00
Blake Europe GmbH	Kleinhörsen 13 40721 Hilden	Ordinary Shares	-	36.00
Moroak LLC	101 W Prospect Ave STE 1400, Cleveland, OH, 44115	Ordinary Shares	-	60.00
Blake Envelopes USA LLC	101 W Prospect Ave STE 1400, Cleveland, OH, 44115	Ordinary Shares	-	30.00
All Colour Envelopes Limited	Clarence House Watercombe Lane, Lynx West Trading Estate, Yeovil, Somerset, BA20 2SU	Ordinary	-	60.00

All subsidiary undertakings listed above are included within the consolidated accounts. For the financial periods ended 31 December 2021 Made By Blake Limited and Moroak Management Limited were entitled to exemption from audit under section 479A of the Companies Act 2006. A section 479A guarantee has been provided for these companies.

### 16 Financial Instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial liabilities Measured at fair value through profit or loss				
- Other financial liabilities	67,531	18,290	-	-

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 17. Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	415,482	337,314	-	-
Work In progress	271	282	-	-
Finished goods and goods for resale	2,342,849	1,876,510	-	-
	<u>2,758,602</u>	<u>2,214,106</u>	<u>-</u>	<u>-</u>

### 18. Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	5,310,590	5,058,634	77,999	-
Unpaid share capital	(2,064)	(1,200)	-	-
Amounts owed by group undertakings	-	200	503,009	301,000
Other debtors	5,366,358	5,383,821	4,953,226	5,048,472
Prepayments and accrued income	430,692	186,754	-	-
	<u>11,105,576</u>	<u>10,628,209</u>	<u>5,534,234</u>	<u>5,349,472</u>

### 19. Creditors: amounts falling due within one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade creditors	1,709,035	1,121,785	14	-
Amounts owed to group undertakings	-	-	1,896,210	1,902,210
Corporation tax payable	203,097	28,830	-	-
Other taxation and social security	655,909	554,653	13,613	-
Derivative financial Instruments	67,531	18,290	-	-
Other creditors	98,268	154,551	-	-
Accruals and deferred income	600,862	211,793	-	-
	<u>3,334,702</u>	<u>2,089,902</u>	<u>1,909,837</u>	<u>1,902,210</u>

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
<b>Group</b>		
Accelerated capital allowances	160,545	66,419
Other	17,183	13,059
	<u>177,728</u>	<u>79,478</u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
<b>Movements in the year:</b>		
Liability at 1 January 2021	79,478	-
Charge to profit or loss	98,250	-
	<u>177,728</u>	<u>-</u>
Liability at 31 December 2021		

### 21 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>28,208</u>	<u>33,881</u>

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.

### 22 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
Issued and fully paid				
Ordinary shares of £1 each	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Operating lease commitments

#### Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	37,500	75,000	-	-
	<u>37,500</u>	<u>75,000</u>	<u>-</u>	<u>-</u>

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>367,717</u>	<u>646,825</u>

#### Transactions with related parties

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

	Sales		Purchases	
	2021	2020	2021	2020
	£	£	£	£
Company				
Entities over which the company has control, joint control or significant influence	57,250	-	7,132	481,792

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 24 Related party transactions (Continued)

During the year, the company charged £203,009 (2020: £300,000) for management services to entities over which the company has control, joint control or significant influence.

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021 £	2020 £
Company		
Entities over which the company has control, joint control or significant influence	1,896,210	1,902,210

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021 Balance £	2020 Balance £
Group		
Other related parties	4,750,000	4,750,000
Company		
Entities over which the company has control, joint control or significant influence	-	1,000
Other related parties	4,750,000	4,750,000

### 25 Cash generated from/(absorbed by) group operations

	2021 £	2020 £
Profit for the year after tax	766,941	1,101,789
Adjustments for:		
Taxation charged/(credited)	304,824	(287,849)
Finance costs	1,812	(313,861)
Investment income	(126)	(46,022)
(Gain)/loss on disposal of tangible fixed assets	(10,025)	84,180
Amortisation and impairment of intangible assets	14,599	1,511
Depreciation and impairment of tangible fixed assets	969,969	341,313
Movements in working capital:		
(Increase)/decrease in stocks	(544,496)	673,551
Increase in debtors	(449,037)	(2,789,008)
Increase/(decrease) in creditors	1,070,533	(867,045)
Cash generated from/(absorbed by) operations	2,124,994	(2,101,441)

# MOROAK HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 26 Analysis of changes in net funds - group

	1 January 2021	Cash flows	Exchange rate movements	31 December 2021
	£	£	£	£
Cash at bank and in hand	1,955,227	965,932	(11,036)	2,910,123