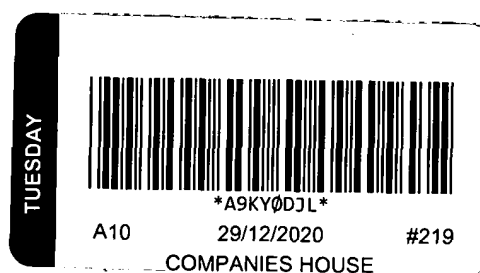


Registered number: 00083667

KENT BLAXILL & CO. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



KENT BLAXILL & CO. LIMITED

COMPANY INFORMATION

Directors	P W George J T Barnes A J Blaxill H R Blaxill S C Blaxill E A Cash B R Kent K G Pryke
Company secretary	K G Pryke
Registered number	00083667
Registered office	129-139 Layer Road Colchester Essex CO2 9JY
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Priory Place New London Road Chelmsford Essex CM2 0PP
Bankers	Barclays Bank PLC 9 High Street Colchester Essex CO1 1DA
Solicitors	Birkett Long LLP 1 Amphora Place Sheepen Road 42 Crouch Street Colchester Essex CO3 3WG

KENT BLAXILL & CO. LIMITED

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KENT BLAXILL & CO. LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Business review

Turnover of £31.7m represents a decrease of 0.9% on the year. The reduction was in large part due to the loss of a low margin direct contract. The underlying performance of Ex yard sales represent an increase of 1.2% year on year.

Following a strong start to the year, reduced confidence within the market resulting from the ongoing uncertainty surrounding Brexit, put pressure on sales. This uncertainty impacted the sales of building materials more so than decorative, with decorative sales being particularly strong, ensuring the overall year on year increase.

Whilst margins have come under pressure, this growth in decorative business, as well as reduction in our lower margin direct business, has resulted in a stable gross margin, which have increased from 31.0% to 31.5%.

Principal risks and uncertainties

The Company has identified the principal risks and uncertainties facing it and has adopted policies and procedures to manage and minimise these risks.

In the opinion of the Directors, the principal risk for the business is centred on trade debtors and, specifically, the risk of the failure of a major customer. Credit control procedures within the business require stringent assessment of applications from prospective customers (including independent credit ratings) and on-going monitoring of the larger and higher risk customers.

The trading activities of the business are supported by substantial freehold assets. To manage its liquidity risk, the Company monitors cash flow on a daily basis and, at least on a weekly basis, updates cash flow projections for the next twelve months. Cash flow projections are reviewed at meetings of directors and shared with the Company's bankers to ensure that there is sufficient liquidity available to meet the projected requirements. The Company ensures that it has no exposure to exchange rate fluctuations.

Another of the Company's principal assets is stock. For many of its stock and product requirements, the Company purchases through a buying company which brings considerable advantages to the Company, including assessing and monitoring suppliers. Suppliers are constantly monitored for the price and quality of products. The Company periodically considers alternative sources for products. The level of stock in the Company has increased at the year-end based on a number of factors including stock for new branches, product inflation as well as strategic purchases of stock made to enable the business to take advantage of a bulk purchase discounts available As well as security of supply of product, the security of stock is a key consideration and the Company works with insurers to optimise security arrangements.

Management information reports and accounts, are produced each month for directors and managers to review.

As part of the ongoing risk management, an audit committee meets several times throughout the year. This continues to enhance the non-executive directors' knowledge and understanding of the organisation's finances as well as increasing the emphasis on risk and control to help improve the quality of the financial reporting by giving it greater focus.

KENT BLAXILL & CO. LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019


Financial key performance indicators

The key financial performance indicators during the year were as follows:

	2019	2018	Change %
Turnover	31,655,229	31,936,921	(0.9)
Gross profit	9,972,401	9,890,412	0.8
Gross profit margin	31.5	31	0.5
Operating profit/(loss)	(85,490)	214,851	(139.8)

This report was approved by the board on 14/9/2020 and signed on its behalf.

S C Blaxill
Director



KENT BLAXILL & CO. LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The loss for the year, after taxation, amounted to £35,348 (2018: profit £230,629).

Future developments

Future developments will include continuation of the Company's principal activities. New branch opportunities through organic growth for the supply of decorative materials would be pursued if a strategic fit is found in the future.

Directors

The directors who served during the year were:

P W George
J T Barnes
A J Blaxill
H R Blaxill
S C Blaxill
E A Cash
B R Kent
K G Pryke

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KENT BLAXILL & CO. LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Post balance sheet events

Restrictions on movement imposed by the Government in response to Covid-19 pandemic in March 2020 clearly impacted our ability to trade in the short term. The government support in combination to return to trading has ensured that the financial impact will not significant. See note 2.2 on going concern.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14/9/2020 and signed on its behalf.



S C Blaxill
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT BLAXILL & CO. LIMITED

Opinion

We have audited the financial statements of Kent Blaxill & Co. Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT BLAXILL & CO. LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 KENT BLAXILL & CO. LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT BLAXILL & CO. LIMITED

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.

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

Grant Thornton UK LLP

Timothy Taylor FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford
Date: 15/9/2020

KENT BLAXILL & CO. LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	31,655,229	31,936,921
Cost of sales		(21,682,828)	(22,046,509)
Gross profit		9,972,401	9,890,412
Administrative expenses		(10,077,655)	(9,750,020)
Other operating income	5	19,764	74,459
Operating (loss)/profit	6	(85,490)	214,851
Interest receivable and similar income	10	132,802	136,195
Interest payable and expenses	11	(39,822)	(39,075)
Profit before tax		7,490	311,971
Tax on profit	12	(42,838)	(81,342)
(Loss)/profit for the financial year		(35,348)	230,629

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 12 to 29 form part of these financial statements.

KENT BLAXILL & CO. LIMITED
REGISTERED NUMBER:00083667

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	13,644	-
Tangible assets	15	1,461,332	1,527,512
Investments	16	5,600	5,600
		<u>1,480,576</u>	<u>1,533,112</u>
Current assets			
Stocks	17	4,952,466	5,429,832
Debtors	18	8,448,752	8,809,943
Cash at bank and in hand	19	10,937	498,319
		<u>13,412,155</u>	<u>14,738,094</u>
Creditors: amounts falling due within one year	20	(4,898,469)	(5,470,804)
Net current assets		<u>8,513,686</u>	<u>9,267,290</u>
Total assets less current liabilities		<u>9,994,262</u>	<u>10,800,402</u>
Creditors: amounts falling due after more than one year	21	(110,194)	(912,286)
Provisions for liabilities			
Deferred tax	25	(76,540)	(45,240)
		<u>(76,540)</u>	<u>(45,240)</u>
Net assets		<u><u>9,807,528</u></u>	<u><u>9,842,876</u></u>
Capital and reserves			
Called up share capital	27	65,390	65,390
Share premium account	26	2,810	2,810
Profit and loss account	26	9,739,328	9,774,676
		<u>9,807,528</u>	<u>9,842,876</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



S C Blaxill

Director

14/9/2020

The notes on pages 12 to 29 form part of these financial statements.

KENT BLAXILL & CO. LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	65,390	2,810	9,774,676	9,842,876
Comprehensive income for the year				
Loss for the year	-	-	(35,348)	(35,348)
Total comprehensive income for the year	-	-	(35,348)	(35,348)
At 31 December 2019	65,390	2,810	9,739,328	9,807,528

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	65,390	2,810	9,626,564	9,694,764
Comprehensive income for the year				
Profit for the year	-	-	230,629	230,629
Total comprehensive income for the year	-	-	230,629	230,629
Dividends	-	-	(82,517)	(82,517)
Total transactions with owners	-	-	(82,517)	(82,517)
At 31 December 2018	65,390	2,810	9,774,676	9,842,876

The notes on pages 12 to 29 form part of these financial statements.

735 087, P.11.14

KENT BLAXILL & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. General Information

Kent Blaxill & Co. Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at 129-139 Layer Road, Colchester, Essex, CO2 9JY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company itself is a subsidiary company and is exempt from the requirements to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company and not about its group.

The financial statements have been prepared in Sterling (£).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have carefully reviewed the Company's forecasts and projections in light of the Covid-19 pandemic, and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The group maintains a strong cash balance and very low gearing relative to the value it holds within its assets. Even considering a worse case scenario, the margin for safety within our existing facility, without any further borrowing, is considered more than adequate. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Cashflow and reduced disclosure exemptions

The directors have taken advantage of the exemption under section 1.12 of FRS 102 from including a cashflow statement and disclosures of financial instruments on the grounds that the Company is part of a group which produces publicly available consolidated financial statements.

KENT BLAXILL & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company acts as an agent for a number of paint manufacturers. Under contract terms these manufacturers retain the risks associated with the contract. Revenue is accounted for on an agency basis in respect of these sales.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant & machinery	- 10% - 20% straight line
Motor vehicles	- 16.66% - 25% straight line
Office equipment	- 25% - 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

KENT BLAXILL & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchases.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

KENT BLAXILL & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

KENT BLAXILL & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

KENT BLAXILL & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

KENT BLAXILL & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following item is highlighted as a judgement that has had the most significant effect on amounts recognised in the financial statements and the key source of estimation uncertainty.

The directors make judgements based on their knowledge and experience regarding the level of provisions required in respect of both stock and bad debts at each year end. This takes into consideration detailed reviews of obsolete stocks and potentially unrecoverable debts.

4. Turnover

	2019 £	2018 £
United Kingdom	<u>31,655,229</u>	<u>31,936,921</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2019 £	2018 £
Other operating income	19,399	67,079
Net rents receivable	365	7,380
	<u>19,764</u>	<u>74,459</u>

6. Operating (loss)/profit

The operating profit is stated after charging/ (crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	478,545	471,168
Depreciation of hire purchase assets	135,844	84,652
Profit on disposal of fixed assets	(3,895)	(1,000)
Operating lease rentals	<u>739,009</u>	<u>712,389</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>16,900</u>	<u>18,025</u>

8. Employees

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

	2019 £	2018 £
Wages and salaries	5,178,896	5,108,656
Social security costs	443,349	443,319
Cost of defined contribution scheme	249,948	246,738
	<u>5,872,193</u>	<u>5,798,713</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Warehousing	28	30
Transport	19	18
Sales	122	126
Administration	38	38
Directors	8	8
	<u>215</u>	<u>220</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	364,097	364,901
Company contributions to defined contribution pension schemes	38,122	36,143
	<u>402,219</u>	<u>401,044</u>

During the year retirement benefits were accruing to 7 directors (2018: 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £165,409 (2018: £164,591).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,824 (2018: £18,848).

10. Interest receivable

	2019 £	2018 £
Interest receivable from group companies	<u>132,802</u>	<u>136,195</u>

11. Interest payable and similar charges

	2019 £	2018 £
Bank interest payable	<u>39,822</u>	<u>39,075</u>

KENT BLAXILL & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	25,000	110,012
Adjustments in respect of previous periods	(13,462)	-
	<u>11,538</u>	<u>110,012</u>
Total current tax	<u>11,538</u>	<u>110,012</u>
Deferred tax		
Origination and reversal of timing differences	31,300	(28,670)
Total deferred tax	<u>31,300</u>	<u>(28,670)</u>
Taxation on profit on ordinary activities	<u>42,838</u>	<u>81,342</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: *higher than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>7,490</u>	<u>311,971</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	1,423	59,274
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	21,450	18,624
Group relief surrendered/(claimed)	22,338	-
Changes to tax rate	(2,373)	3,444
Total tax charge for the year	<u>42,838</u>	<u>81,342</u>

KENT BLAXILL & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2019 £	2018 £
Declared and paid during the year	-	82,517

14. Intangible assets

	Software development £
Cost	
Additions	12,125
Transfer from tangibles	5,435
At 31 December 2019	17,560
Amortisation	
Charge for the year	3,916
At 31 December 2019	3,916
Net book value	
At 31 December 2019	13,644
At 31 December 2018	-

The software development additions relate principally to website development.

KENT BLAXILL & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Other fixed assets £	Total £
Cost or valuation				
At 1 January 2019	2,838,982	5,435	2,700,200	5,544,617
Additions	123,788	178,608	252,155	554,551
Disposals	(3,140)	(4,920)	(41,703)	(49,763)
Transfers between classes	(1,874,018)	1,874,018	-	-
Transfer to intangibles	-	(5,435)	-	(5,435)
At 31 December 2019	1,085,612	2,047,706	2,910,652	6,043,970
Depreciation				
At 1 January 2019	1,944,282	-	2,072,823	4,017,105
Charge for the year	65,011	254,844	290,619	610,474
Disposals	(3,140)	(820)	(40,981)	(44,941)
Transfers between classes	(1,113,006)	1,113,006	-	-
At 31 December 2019	893,147	1,367,030	2,322,461	4,582,638
Net book value				
At 31 December 2019	192,465	680,676	588,191	1,461,332
At 31 December 2018	894,700	5,435	627,377	1,527,512

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Motor vehicles	236,011	376,937

KENT BLAXILL & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Fixed asset investments

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 January 2019	5,500	100	5,600
At 31 December 2019	5,500	100	5,600
Net book value			
At 31 December 2019	5,500	100	5,600
At 31 December 2018	5,500	100	5,600

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Boston Factors Limited	129-139 Layer Road, Colchester, Essex, CO2 9JY	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Boston Factors Limited	5,500	-

The above subsidiary undertaking is dormant and therefore made neither a profit or loss in the year.

KENT BLAXILL & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Stocks

	2019 £	2018 £
Raw materials and consumables	4,952,466	5,429,832

Stock recognised in cost of sales during the year as an expense was £21,682,828 (2018: £22,046,509).

An impairment loss of £70,738 (2018: £64,877) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

18. Debtors

	2019 £	2018 £
Due after more than one year		
Amounts owed by group undertakings	4,691,885	4,997,399
	<u>4,691,885</u>	<u>4,997,399</u>
Due within one year		
Trade debtors	3,455,145	3,349,704
Amounts owed by group undertakings	-	9,653
Other debtors	10,218	82,500
Prepayments and accrued income	291,504	370,687
	<u>8,448,752</u>	<u>8,809,943</u>

The bad debt expense for the year was £124,978 (2018: £6,871) is recognised in the income statement.

An impairment loss of £244,358 (2018: £188,113) was recognised against trade debtors.

19. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	10,937	498,319
Less: bank overdrafts	(599,959)	(1,874,102)
	<u>(589,022)</u>	<u>(1,375,783)</u>

KENT BLAXILL & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

20. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	599,959	1,874,102
Bank loans	843,777	165,688
Trade creditors	1,573,831	2,469,603
Corporation tax	-	70,473
Other taxation and social security	471,371	185,047
Obligations under finance lease and hire purchase contracts	134,834	142,359
Other creditors	134,435	155,104
Accruals and deferred income	1,140,262	408,428
	<u>4,898,469</u>	<u>5,470,804</u>

21. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	-	822,705
Net obligations under finance leases and hire purchase contracts	101,177	80,564
Amounts owed to group undertakings	9,017	9,017
	<u>110,194</u>	<u>912,286</u>

22. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	<u>843,777</u>	<u>165,688</u>
Amounts falling due 1-2 years		
Bank loans	<u>-</u>	<u>822,705</u>

The bank loans are secured by charges over the group's properties.

KENT BLAXILL & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	134,834	142,359
Between 1-2 years	101,177	80,564
	<u>236,011</u>	<u>222,923</u>

24. Financial Instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	<u>8,168,786</u>	<u>8,439,256</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>4,537,292</u>	<u>5,719,142</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals, bank loans and overdrafts, amounts owed under finance lease and other creditors.

25. Deferred taxation

	2019 £
At 1 January 2019	(45,240)
Charged to profit or loss	(31,300)
At 31 December 2019	<u>(76,540)</u>

KENT BLAXILL & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

25. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(81,922)	(58,782)
Other timing differences	5,382	13,542
	<u>(76,540)</u>	<u>(45,240)</u>

26. Reserves

Share premium account

This reserve records the amount above nominal value received for shares issued, less transaction costs.

Profit & loss account

This reserve comprises all current and prior years' retained profits and losses.

27. Share capital

	2019 £	2018 £
Shares classified as equity		
Allotted, called up and fully paid		
6,539 Ordinary shares of £10.00 each	<u>65,390</u>	<u>65,390</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

28. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and are disclosed in wages and salaries note at 8. Contributions totaling £41,097 (2018: £43,008) were payable to the fund at the statement of financial position date and have been included within other creditors in note 20.

KENT BLAXILL & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

29. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	539,712	549,515
Later than 1 year and not later than 5 years	1,531,559	1,632,157
Later than 5 years	947,223	1,251,345
	<u>3,018,494</u>	<u>3,433,017</u>

30. Related party transactions

	2019 £	2018 £
Key management personnel remuneration	<u>405,564</u>	<u>424,309</u>

As a wholly owned subsidiary of Kent Blaxill Group Limited, the Company is exempt from the requirements of FRS 102 paragraph 33.1A to disclose transactions with other members of the group.

31. Post balance sheet events

Restrictions on movement imposed by the Government in response to Covid-19 pandemic in March 2020 clearly impacted our ability to trade in the short term. The government support in combination to return to trading has ensured that the financial impact will not be significant. See note 2.2 on going concern.

32. Controlling party

The Company is a wholly-owned subsidiary undertaking of Kent Blaxill Group Limited, a company incorporated in England. Kent Blaxill Group Limited is not controlled by any one individual. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

Kent Blaxill Group Limited is considered to be the ultimate parent undertaking.