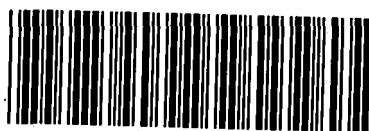

KENT, BLAXILL & CO, LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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KENT,BLAXILL & CO,LIMITED

COMPANY INFORMATION

Directors	J Patel (appointed 28 April 2023) K M Reville (appointed 28 April 2023)
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 Colchester Essex CO3 3WG

KENT,BLAXILL & CO,LIMITED

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KENT, BLAXILL & CO, LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The directors present their Strategic Report for the year ended 31 December 2022.

Business review

The Company's principal activities during the year continued to be:

1. The supply of building and landscape materials to the construction and maintenance industries.
2. The supply of decorative materials to professional painters and decorators.
3. The supply of glass and glazing products.
4. The supply of plumbing and heating materials to professional plumbers and heating engineers.
5. The supply of kitchens and bathrooms to trade and retail customers.

Turnover of £32.8m (2021: £29.9m) represents an increase of 9.6% (2021: increase of 16.2%).

Inflation continued to play a significant role in the year, with building and decorating materials significantly increasing in price. In the main these price increases have been passed on to customers and gross profit margins were largely maintained at 33.3% (2021: 33.6%).

The Company continued to grow during the year, opening three new decorating centres, continuing the recent trend of expansion in the decorating market and contributing to the sales increase. This expansion necessarily increased our overhead base and this along with general overhead inflation resulted in reduced net profit margins year on year.

On 30th September 2022, the Company acquired the assets and liabilities of its sister company, Paint and Paper Limited as part of a Group reorganisation. The transfer was effected intra-group at net book values.

On the 10th November 2022 the business was acquired by Paintwell Limited, a specialist decorative merchant backed by the private equity firm Cairngorm Capital Partners III LLP. This transaction resulted in exceptional costs of £2.5m which were primarily related to intercompany loans being forgiven.

On the 9th June 2023, the Company sold its builders merchant operations in Colchester and Bury St Edmunds to IBMG (Independent Builders Merchant Group). The Company is now a focused decorating merchant and is working rapidly to capitalise on the benefits that a larger, specialist decorating company can bring.

Going concern

The directors have carefully reviewed the Company's forecasts, and those of the wider Paintwell Group of which the Company is a part, in light of the macroeconomic uncertainties that exist at present, including but not limited to the impact of the inflationary environment and resulting consumer cost of living crisis, and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company maintains a strong cash balance and very low gearing relative to the value it holds within assets. Even considering a worst case scenario, the margin for safety within our existing facility without any further borrowing, is considered adequate. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

KENT, BLAXILL & CO, LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

To manage its liquidity risk, the Company monitors cash flow daily and, on a monthly 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. 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 primarily due to new branches. 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 and monitor performance.

Financial key performance indicators

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

	2022	2021	Change %
Turnover	£32,815,399	£29,940,948	9.6%
Gross profit %	33.3%	33.6%	(0.8)%
EBITDA	£1,388,638	£1,760,677	(20.6)%
EBITDA %	4.2%	5.9%	(27.5)%

This report was approved by the board on 20/12/2023 and signed on its behalf.



K M Reville
Director

KENT, BLAXILL & CO, LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Results and dividends

The loss for the year, after taxation, amounted to £1,817,290 (2021: profit £1,003,734).

The directors do not recommend the payment of a dividend (2021: £Nil).

Directors

The directors who served during the year were:

K G Pryke (resigned 28 April 2023)
A Docherty (appointed 1 February 2022, resigned 28 April 2023)
J Park (appointed 1 February 2022, resigned 28 April 2023)
H R Blaxill (resigned 10 November 2022)
S C Blaxill (resigned 10 November 2022)
E A Cash (resigned 10 November 2022)
W Fisher (appointed 10 November 2022, resigned 2 December 2022)
P W George (resigned 10 November 2022)
B R Kent (resigned 10 November 2022)
S Slocombe (appointed 10 November 2022, resigned 31 December 2022)

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.

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.

KENT, BLAXILL & CO, LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Identification of disclosures made in Strategic Report

Indication of the Company's exposure to price risk, credit risk, liquidity risk, and cash flow risk have been disclosed in the Strategic Report.

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 20/12/2023 and signed on its behalf.

Keith Reville

K M Reville
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 2022, 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 2022 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model, including effects arising from macro-economic uncertainties such as the inflationary environment and resulting consumer cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT, BLAXILL & CO, LIMITED
(CONTINUED)**

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

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

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

Other information

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT, BLAXILL & CO, LIMITED
(CONTINUED)**

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

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 (CONTINUED)

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

- We enquired of management concerning the Company's policies and procedures relating to:
 - The identification, evaluation and compliance with laws and regulations;
 - The detection and response to the risks of fraud; and
 - The establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur: United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), the Companies Act 2006, United Kingdom Corporation Tax legislation, anti-bribery legislation, GDPR and employment law.
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - Journal entries that increased revenues or that reclassified costs from the Statement of Comprehensive Income to the Statement of Financial Position;
 - Potential management bias in determining accounting estimates, especially in relation to the stock valuation and dilapidations provision; and
 - Transactions with related parties.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT, BLAXILL & CO, LIMITED
(CONTINUED)**

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and
 - understanding of the legal and regulatory requirements specific to the entity including, the provisions of the applicable legislation, the regulator's rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provisions.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Timothy Taylor

Timothy Taylor FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford
Date: 20/12/2023

KENT, BLAXILL & CO, LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	32,815,399	29,940,948
Cost of sales		(21,877,070)	(19,880,513)
Gross profit		10,938,329	10,060,435
Administrative expenses		(10,152,300)	(8,893,900)
Exceptional items	13	(2,540,783)	-
Other operating income	5	50,471	67,212
Operating (loss)/profit	6	(1,704,283)	1,233,747
Interest receivable and similar income	10	96,267	92,896
Interest payable and expenses	11	(34,540)	(7,915)
(Loss)/profit before tax		(1,642,556)	1,318,728
Tax on (loss)/profit	12	(174,734)	(314,994)
(Loss)/profit for the financial year		(1,817,290)	1,003,734

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2022 (2021: £Nil).

The notes on pages 13 to 31 form part of these financial statements.

KENT, BLAXILL & CO, LIMITED
REGISTERED NUMBER: 00083667

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	25,097	22,892
Tangible assets	15	1,366,303	1,209,113
Investments	16	5,600	5,600
		<u>1,397,000</u>	<u>1,237,605</u>
Current assets			
Stocks	17	5,581,165	5,006,889
Debtors	18	9,303,176	7,780,655
Cash at bank and in hand	19	370,481	1,571,572
		<u>15,254,822</u>	<u>14,359,116</u>
Creditors: amounts falling due within one year	20	(7,090,856)	(4,257,236)
Total assets less current liabilities		<u>9,560,966</u>	<u>11,339,485</u>
Creditors: amounts falling due after more than one year	21	(32,678)	(53,745)
Provisions for liabilities			
Deferred tax	24	(190,571)	(130,733)
		<u>(190,571)</u>	<u>(130,733)</u>
Net assets		<u><u>9,337,717</u></u>	<u><u>11,155,007</u></u>
Capital and reserves			
Called up share capital	26	65,390	65,390
Share premium account	25	2,810	2,810
Profit and loss account	25	9,269,517	11,086,807
		<u><u>9,337,717</u></u>	<u><u>11,155,007</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20/12/2023

K M Reville
 Director

Keith Reville

The notes on pages 13 to 31 form part of these financial statements.

KENT, BLAXILL & CO, LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	65,390	2,810	11,086,807	11,155,007
Comprehensive loss for the year				
Loss for the year	-	-	(1,817,290)	(1,817,290)
Total comprehensive loss for the year	-	-	(1,817,290)	(1,817,290)
At 31 December 2022	65,390	2,810	9,269,517	9,337,717

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	65,390	2,810	10,083,073	10,151,273
Comprehensive income for the year				
Profit for the year	-	-	1,003,734	1,003,734
Total comprehensive income for the year	-	-	1,003,734	1,003,734
At 31 December 2021	65,390	2,810	11,086,807	11,155,007

The notes on pages 13 to 31 form part of these financial statements.

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

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

The principal activity of Kent, Blaxill & Co, Limited is:

1. The supply of building and landscape materials to the construction and maintenance industries.
2. The supply of decorative materials to professional painters and decorators.
3. The supply of glass and glazing products.
4. The supply of plumbing and heating materials to professional plumbers and heating engineers.
5. The supply of kitchens and bathrooms to trade and retail customers.

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 Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.3 Going concern**

The directors have carefully reviewed the Company's forecasts, and those of the wider Paintwell Group of which the Company is a part, in light of the macroeconomic uncertainties that exist at present, including but not limited to the impact of the inflationary environment and resulting consumer cost of living crisis, and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

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 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over the estimated useful lives, as follows:

Software	- 33% straight-line
Goodwill	- 33% straight-line

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)
2.6 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 the Statement of Comprehensive Income 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:

Plant & machinery	- 10% - 20% straight-line
Fixtures & fittings	- 16.66% - 25% straight-line
Other fixed assets	- 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.

2.7 Operating leases

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

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.10 Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchases on a last in, first out basis.

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 the Statement of Comprehensive Income.

2.11 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.

2.12 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.

2.13 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.

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.15 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 2022**

2. Accounting policies (continued)**2.16 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 the Statement of Comprehensive Income 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 the Statement of Comprehensive Income 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.

2.17 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.

2.18 Interest income

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

2.19 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they relate.

2.20 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 reporting 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.

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.21 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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 reporting 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.

2.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.23 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 2022**

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that outcomes could differ from those estimates.

The key areas of judgement and estimation uncertainty in these financial statements are highlighted below:

Provisions

Management make provisions against trade debtor balances as and when there are indicators of recovery problems.

Management make provisions against slow-moving stocks when there are indicators of obsolescence or impairment. Stock lines that are identified as obsolete are fully provided against, further provision is made against excess stock held on lines which are deemed slow moving based on sales data.

The dilapidations provision is based upon management's best estimate of the work required to meet its lease obligations to restore properties to scheduled condition.

4. Turnover

	2022 £	2021 £
Sales of goods	<u>32,815,399</u>	<u>29,940,948</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £	2021 £
Other operating income	50,471	42,720
Government grants	-	24,492
	<u>50,471</u>	<u>67,212</u>

Government grants of £Nil (2021: £24,492) disclosed above are amounts claimed by the Company under the Coronavirus Job Retention Scheme.

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Operating (loss)/profit

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

	2022	2021
	£	£
Amortisation of intangible assets	9,898	9,645
Depreciation of tangible fixed assets	440,533	382,109
Depreciation of hire purchase assets	97,909	117,881
Loss on disposal of fixed assets	3,798	17,295
Operating lease rentals	1,083,124	594,251
	<u>1,083,124</u>	<u>594,251</u>

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor for the audit of the Company's financial statements	37,297	23,204
	<u>37,297</u>	<u>23,204</u>

8. Employees

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

	2022	2021
	£	£
Wages and salaries	4,746,527	4,418,703
Social security costs	457,471	428,950
Cost of defined contribution scheme	254,434	207,318
	<u>5,458,432</u>	<u>5,054,971</u>

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

	2022	2021
	No.	No.
Warehousing	19	22
Transport	9	10
Sales	108	98
Administration	30	28
Directors	8	7
	<u>174</u>	<u>165</u>

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	696,978	392,147
Company contributions to defined contribution pension schemes	108,883	39,491
	<u>805,861</u>	<u>431,638</u>

During the year retirement benefits were accruing to 8 directors (2021: 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £169,766 (2021: £170,084).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £29,875 (2021: £20,432).

The key management personnel remuneration for the year was £762,905 (2021: £418,813).

During the year, no directors exercised share options (2021: Nil).

During the year, Paintwell Topco Limited purchased Kent Blaxill Holdings, of which Kent, Blaxill & Co, Limited is a wholly owned subsidiary. As part of this acquisition, 3 directors of Kent, Blaxill & Co, Limited were given 465 B2 shares in Paintwell Topco Limited. The value of these shares is immaterial.

10. Interest receivable

	2022 £	2021 £
Interest receivable from related parties	96,267	92,738
Other interest receivable	-	158
	<u>96,267</u>	<u>92,896</u>

11. Interest payable and similar charges

	2022 £	2021 £
Bank interest payable	34,540	7,915

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	137,619	259,437
Adjustments in respect of previous periods	(22,723)	(34,473)
	114,896	224,964
	114,896	224,964
Total current tax	114,896	224,964
Deferred tax		
Origination and reversal of timing differences	59,838	90,030
Total deferred tax	59,838	90,030
Taxation on profit on ordinary activities	174,734	314,994

KENT, BLAXILL & CO, LIMITED

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

12. Taxation (continued)

Factors affecting tax charge for the year

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes were substantively enacted at the prior year Statement of Financial Position date and therefore an adjustment has been made to deferred taxation balances to account for this change.

The tax assessed for the year is higher than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	<u>(1,642,556)</u>	<u>1,318,728</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(312,085)	250,558
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	888,893	12,146
Fixed asset differences	(8,903)	12,929
Income not available for tax purposes	(394,093)	-
Other tax adjustments, reliefs and transfers	1,821	-
Adjustments to tax charge in respect of prior periods	(22,723)	(34,473)
Adjustments to tax charge in respect of previous periods - deferred tax	9,819	42,458
Remeasurement of deferred tax for changes in tax rates	12,005	31,376
Total tax charge for the year	<u>174,734</u>	<u>314,994</u>

13. Exceptional items

	2022 £	2021 £
Restructuring costs	<u>2,540,783</u>	<u>-</u>

Restructuring costs relate to the forgiveness of intercompany loans and other restructuring and direct costs arising from the sale of the Company to Paintwell Limited.

KENT, BLAXILL & CO, LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**14. Intangible assets**

	Software development £	Goodwill £	Total £
Cost			
At 1 January 2022	42,305	-	42,305
Additions	12,103	8,827	20,930
At 31 December 2022	54,408	8,827	63,235
Amortisation			
At 1 January 2022	19,413	-	19,413
Charge for the year	9,898	-	9,898
Impairment	-	8,827	8,827
At 31 December 2022	29,311	8,827	38,138
Net book value			
At 31 December 2022	25,097	-	25,097
At 31 December 2021	22,892	-	22,892

The software development additions relate principally to website development.

Amortisation of intangible assets is charged to administrative expenses.

KENT, BLAXILL & CO, LIMITED

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

15. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Other fixed assets £	Total £
Cost or valuation				
At 1 January 2022	1,078,198	2,475,334	2,844,170	6,397,702
Additions	225,348	306,134	193,460	724,942
Disposals	(31,131)	(11,850)	(168,168)	(211,149)
At 31 December 2022	1,272,415	2,769,618	2,869,462	6,911,495
Depreciation				
At 1 January 2022	871,484	1,872,052	2,445,053	5,188,589
Charge for the year	111,781	245,110	181,551	538,442
Disposals	(23,080)	(11,850)	(146,909)	(181,839)
At 31 December 2022	960,185	2,105,312	2,479,695	5,545,192
Net book value				
At 31 December 2022	312,230	664,306	389,767	1,366,303
At 31 December 2021	206,714	603,282	399,117	1,209,113

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

	2022 £	2021 £
Motor vehicles	125,449	223,358

On 30th September 2022, the Company acquired the assets and liabilities of its sister company, Paint and Paper Limited as part of a Group reorganisation. The transfer was effected intra-group at net book values.

KENT, BLAXILL & CO, LIMITED

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

16. Fixed asset investments

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 January 2022	5,500	100	5,600
At 31 December 2022	5,500	100	5,600
Net book value			
At 31 December 2022	5,500	100	5,600
At 31 December 2021	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%

17. Stocks

	2022 £	2021 £
Raw materials and consumables	5,581,165	5,006,889

Stock recognised in cost of sales during the year as an expense was £21,877,070 (2021: £19,880,513).

An impairment loss of £50,000 (2021: £50,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Debtors

	2022 £	2021 £
Due after more than one year		
Amounts owed by group undertakings	-	4,316,591
	<u>-</u>	<u>4,316,591</u>
Due within one year		
Trade debtors	3,809,716	3,246,780
Amounts owed by group undertakings	5,168,975	-
Amounts due from related parties	600	1,154
Other debtors	32,136	9,192
Prepayments and accrued income	291,749	206,938
	<u>9,303,176</u>	<u>7,780,655</u>

The bad debt expense for the year of £30,401 (2021: £20,575) is recognised in the Statement of Comprehensive Income.

An impairment loss of £76,575 (2021: £98,511) was recognised against trade debtors.

19. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>370,481</u>	<u>1,571,572</u>

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	3,228,425	-
Trade creditors	2,121,852	724,091
Corporation tax	52,475	138,767
Other taxation and social security	323,257	506,692
Obligations under finance lease and hire purchase contracts (Note 22)	19,169	44,595
Other creditors	183,801	171,860
Accruals and deferred income	1,161,877	2,671,231
	<u>7,090,856</u>	<u>4,257,236</u>

Hire purchase liabilities are secured upon the assets to which they relate.

Bank loans are secured by way of a fixed and floating charge against the assets of the Company.

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

	2022 £	2021 £
Net obligations under finance leases and hire purchase contracts (Note 22)	23,961	44,728
Amounts owed to group undertakings	8,717	9,017
	<u>32,678</u>	<u>53,745</u>

Hire purchase liabilities are secured upon the assets to which they relate.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	19,169	44,595
Between 1-2 years	23,961	44,728
	<u>43,130</u>	<u>89,323</u>

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Analysis of net debt

	At 1 January 2022 £	Cash flows £	New bank loans £	At 31 December 2022 £
Cash at bank and in hand	1,571,572	(1,201,091)	-	370,481
Bank loans	-	-	(3,228,425)	(3,228,425)
Debt due within 1 year	-	-	-	-
Finance leases	(89,323)	46,193	-	(43,130)
	<u>1,482,249</u>	<u>(1,154,898)</u>	<u>(3,228,425)</u>	<u>(2,901,074)</u>

24. Deferred taxation

	2022 £	2021 £
b/f at 1 January	(130,733)	(40,703)
Charged to profit or loss	(59,838)	(90,030)
c/f at 31 December	<u>(190,571)</u>	<u>(130,733)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(208,690)	(137,306)
Other timing differences	18,119	6,573
	<u>(190,571)</u>	<u>(130,733)</u>

25. Reserves

Share premium account

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

Profit and loss account

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

KENT, BLAXILL & CO, LIMITED

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

26. Share capital

	2022 £	2021 £
Shares classified as equity		
Allotted, called up and fully paid		
6,539 (2021: 6,539) Ordinary shares of £10 each	65,390	65,390

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

27. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and are disclosed in the wages and salaries (note 8). Contributions totalling £39,406 (2021: £34,821) were payable to the fund at the Statement of Financial Position date and have been included within other creditors in note 20.

28. Commitments under operating leases

At 31 December, the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	1,136,073	585,555
Later than 1 year and not later than 5 years	4,800,814	1,733,002
Later than 5 years	4,503,876	813,435
	10,440,763	3,131,992

29. Related party transactions

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

During the year, Kent Blaxill & Co Limited made sales of £45,135 (2021: £5,512) to directors, of which £600 (2021: £1,154) remained outstanding at the year end. All transactions were carried out on an arm's length basis.

During the year, Paintwell Topco Limited purchased Kent Blaxill Holdings, of which Kent, Blaxill & Co, Limited is a wholly owned subsidiary. As part of this acquisition, 3 directors of Kent, Blaxill & Co, Limited were given 465 B2 shares in Paintwell Topco Limited. The value of these shares is immaterial.

KENT, BLAXILL & CO, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

30. Post balance sheet events

On the 9th June 2023, the Company split its decorative and builders merchant operations, selling the builders merchant operation to Independent Builders Merchant Group (IBMG), thus allowing the Company to fully focus on its decorative business.

31. Controlling party

The Company is a wholly-owned subsidiary undertaking of Paintwell Topco Limited, a company incorporated in the United Kingdom. Paintwell Topco Limited is controlled by Cairngorm Capital Partners III LLP, a majority shareholder in the Company. Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

Paintwell Topco Limited is considered to be the ultimate parent undertaking.