

# Aburnet Limited

Annual Report and Consolidated Financial Statements  
for the Year Ended 31 December 2021

Page Kirk LLP  
Chartered accountants and statutory auditors  
Sherwood House  
7 Gregory Boulevard  
Nottingham  
NG7 6LB

# **Aburnet Limited**

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# **Aburnet Limited**

## **Company Information**

<b>Directors</b>	Mr R J S Burnet Mr P D M Parsons Mrs W Smith
<b>Company secretary</b>	Mr R J S Burnet
<b>Registered office</b>	Manners Avenue Manners Industrial Estate Ilkeston Derbyshire DE7 8EF
<b>Auditors</b>	Page Kirk LLP Chartered accountants and statutory auditors Sherwood House 7 Gregory Boulevard Nottingham NG7 6LB

## **Aburnet Limited**

### **Strategic Report for the Year Ended 31 December 2021**

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

#### **Principal activity**

The principal activity of the group is the manufacturing of hair nets and other related headwear.

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

The company is the Worlds leading manufacturer of independently market certified hair containment solutions for critical industries, focussed on food processing and foodservice sectors, marketed to countries in most continents around the globe. Many of the company's products and free service solutions are covered by international patents, both granted and pending and are branded. The company is uniquely positioned and market recognised as an authority in this chosen specialism which affords market strength.

The company designs its products around the principle of best cost – all costs have to add value in the target end customers eyes and these costs are optimised for the market volume with global sales network offering economies of scale where possible. The risk impact of Brexit has been minimised by EU stock holdings.

As an integrated manufacturer from yarn through to finished, branded, packed product with manufacturing in both England and Sri Lanka the company has control over the majority of supply chain and cost structure. Yarn is our main input cost which is an international commodity with little supply cost impact on the processing location whilst our fabric machines are running at above industry standard speeds for above average productivity further protecting business resilience.

The company employs people that have in depth knowledge in fabric production, finishing and automated conversion techniques which enables our chosen specialism to continue to strive.

## **Aburnet Limited**

### **Strategic Report for the Year Ended 31 December 2021**

#### **Principal risks and uncertainties**

The principal risks to the business are considered to be:

Price risk - The company has an optimised cost base. The main item outside our direct control is yarn which is an international commodity price. Yarn sourcing is reviewed and trialled on a regular basis with consistency of supply a key priority for sequential manufacturing operations to control quality. Energy costs are controlled by review which again are industry wide.

Credit risk - The company has debtor insurance and as a regular supplier to repeat customers can manage debtor risk effectively. As the company operates using its own cash reserves this risk to the business is well controlled.

Liquidity risk - The company has a low risk acid test ratio of 2.4, controlled as detailed above.

Cash flow risk - See above re credit insurance, repeat supply and self financing.

Financial risk - The company is naturally hedged from currency fluctuations due to a balance of costs and sales revenue in foreign currencies.

Employment risk - The company recognises the relative low level of skilled labour in the fabric manufacturing aspect of the business - made worse from the impact of Brexit and has invested in developing its own in house detailed skills competency matrix with published grades for its main activities of warping, knitting and textile specialisms. For 2022 we will write detailed pictorial training programs linked to enhanced pay grades and apply for Grade a migrant Skilled labour sponsorship licence to better position us to recruit skilled talent from abroad, train and retain higher calibre staff to lead further production efficiencies and quality assured fabrics compatible with digital print and automated conversion.

Approved and authorised by the Board on 14 February 2023 and signed on its behalf by:

.....

Mr R J S Burnet

Company secretary and director

## **Aburnet Limited**

### **Directors' Report for the Year Ended 31 December 2021**

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

#### **Directors of the group**

The directors who held office during the year were as follows:

Mr R J S Burnet - Company secretary and director

Mr P D M Parsons

Mrs W Smith

#### **Financial instruments**

#### ***Objectives and policies***

The directors have implemented procedures to minimise risks wherever possible.

#### ***Price risk, credit risk, liquidity risk and cash flow risk***

Please see principal risks and uncertainties in the Strategic Report.

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

Page Kirk LLP have expressed their willingness to continue as auditors for the next financial year.

The address of its registered office is:

Manners Avenue  
Manners Industrial Estate  
Ilkeston  
Derbyshire  
DE7 8EF

Approved and authorised by the Board on 14 February 2023 and signed on its behalf by:

.....  
Mr R J S Burnet  
Company secretary and director

## **Aburnet Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Aburnet Limited**

### **Independent Auditor's Report to the Members of Aburnet Limited**

#### **Qualified opinion**

We have audited the financial statements of Aburnet Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for qualified opinion on financial statements**

The basis for this opinion was that the financial statements of Aburnet Limited and its subsidiaries for the period 31 December 2020, which are presented as comparatives to these financial statements were not audited. Additionally, as we were not appointed auditors of the group until after 31 December 2021 and thus did not observe the counting of physical inventories at the end of the year, we were unable to satisfy ourselves by alternative means regarding the inventory quantities held at 31 December 2021, which are included in the consolidated balance sheet at £460,134.

#### **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 responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



## **Aburnet Limited**

### **Independent Auditor's Report to the Members of Aburnet Limited**

#### **Conclusions relating to going concern**

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

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

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

Except for the matter described in the basis for qualified opinion section of our report, in the light of our 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 and the Directors' Report.

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

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

## **Aburnet Limited**

### **Independent Auditor's Report to the Members of Aburnet Limited**

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor Responsibilities for the audit of the financial statements**

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

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

We obtained an understanding of the legal and regulatory frameworks within which the group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation and money laundering regulations.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and the understatement of revenue.

Our audit procedures to respond to these risks included:

- Enquiries of management about their own identification and assessment of the risks of irregularities.
- Sample testing on the posting of journals.
- Reviewing regulatory correspondence and professional fees.
- Detailed substantive testing on the completeness of income.
- Reviewing budgets and post year end management accounts.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Aburnet Limited**

### **Independent Auditor's Report to the Members of Aburnet Limited**

#### **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.

.....  
John S Wallis FCA (Senior Statutory Auditor)  
For and on behalf of Page Kirk LLP, Statutory Auditor  
Sherwood House  
7 Gregory Boulevard  
Nottingham  
NG7 6LB

14 February 2023

## Aburnet Limited

### Consolidated Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	3,722,148	4,516,706
Cost of sales		<u>(1,696,671)</u>	<u>(2,137,835)</u>
Gross profit		2,025,477	2,378,871
Administrative expenses		(1,716,643)	(1,978,879)
Other operating income	<u>4</u>	<u>42,829</u>	<u>106,465</u>
Operating profit	<u>6</u>	<u>351,663</u>	<u>506,457</u>
Gain on financial assets at fair value through profit and loss		87,750	-
Other interest receivable and similar income	<u>7</u>	86	11,491
Interest payable and similar expenses	<u>8</u>	<u>(68,211)</u>	<u>(33,600)</u>
		<u>19,625</u>	<u>(22,109)</u>
Profit before tax		371,288	484,348
Tax on profit	<u>12</u>	<u>(159,041)</u>	<u>(41,259)</u>
Profit for the financial year		<u>212,247</u>	<u>443,089</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		<u>212,247</u>	<u>443,089</u>

# Aburnet Limited

(Registration number: 00202702)

## Consolidated Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	<u>13</u>	1,719,836	1,346,395
Investment property	<u>14</u>	1,565,000	1,477,250
Investments	<u>15</u>	50	50
		<u>3,284,886</u>	<u>2,823,695</u>
<b>Current assets</b>			
Stocks	<u>16</u>	460,134	510,450
Debtors	<u>17</u>	1,195,422	1,034,621
Cash at bank and in hand		<u>1,060,219</u>	<u>1,054,954</u>
		2,715,775	2,600,025
<b>Creditors:</b> Amounts falling due within one year	<u>19</u>	<u>(1,006,740)</u>	<u>(964,778)</u>
<b>Net current assets</b>		<u>1,709,035</u>	<u>1,635,247</u>
<b>Total assets less current liabilities</b>		4,993,921	4,458,942
<b>Provisions for liabilities</b>		<u>(270,223)</u>	<u>(182,991)</u>
<b>Net assets</b>		<u>4,723,698</u>	<u>4,275,951</u>
<b>Capital and reserves</b>			
Called up share capital	<u>21</u>	12,029	12,029
Share premium reserve		38,050	38,050
Capital redemption reserve		2,421	2,421
Other reserves		1,058,531	697,892
Profit and loss account		<u>3,612,667</u>	<u>3,525,559</u>
<b>Total equity</b>		<u>4,723,698</u>	<u>4,275,951</u>

Approved and authorised by the Board on 14 February 2023 and signed on its behalf by:

.....  
 Mr R J S Burnet  
 Company secretary and director

# Aburnet Limited

## (Registration number: 00202702) Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	<u>13</u>	1,595,267	1,221,513
Investments	<u>15</u>	250	250
		<u>1,595,517</u>	<u>1,221,763</u>
<b>Current assets</b>			
Stocks	<u>16</u>	-	510,450
Debtors	<u>17</u>	1,616,348	1,774,166
Cash at bank and in hand		556,192	988,316
		<u>2,172,540</u>	<u>3,272,932</u>
<b>Creditors:</b> Amounts falling due within one year	<u>19</u>	<u>(158,152)</u>	<u>(1,224,488)</u>
<b>Net current assets</b>		<u>2,014,388</u>	<u>2,048,444</u>
<b>Total assets less current liabilities</b>		3,609,905	3,270,207
<b>Provisions for liabilities</b>		<u>(155,552)</u>	<u>(84,993)</u>
<b>Net assets</b>		<u>3,454,353</u>	<u>3,185,214</u>
<b>Capital and reserves</b>			
Called up share capital	<u>21</u>	12,029	12,029
Share premium reserve		38,050	38,050
Capital redemption reserve		2,421	2,421
Other reserves		569,674	280,112
Profit and loss account		<u>2,832,179</u>	<u>2,852,602</u>
<b>Total equity</b>		<u>3,454,353</u>	<u>3,185,214</u>

The company made a profit after tax for the financial year of £33,639 (2020 - profit of £218,966).

Approved and authorised by the Board on 14 February 2023 and signed on its behalf by:

.....

Mr R J S Burnet

Company secretary and director

## Aburnet Limited

### Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Share premium £	Capital redemption reserve £	Non-distributable reserve £	Profit and loss account £	Total £	Total equity £
At 1 January 2021	12,029	38,050	2,421	697,892	3,525,559	4,275,951	4,275,951
Profit for the year	-	-	-	-	212,247	212,247	212,247
Other comprehensive income	-	-	-	360,639	3,361	364,000	364,000
Total comprehensive income	-	-	-	360,639	215,608	576,247	576,247
Dividends	-	-	-	-	(128,500)	(128,500)	(128,500)
At 31 December 2021	12,029	38,050	2,421	1,058,531	3,612,667	4,723,698	4,723,698
	Share capital £	Share premium £	Capital redemption reserve £	Non-distributable reserve £	Profit and loss account £	Total £	Total equity £
At 1 January 2020	12,029	38,050	2,421	703,170	3,133,688	3,889,358	3,889,358
Profit for the year	-	-	-	-	443,089	443,089	443,089
Other comprehensive income	-	-	-	(5,278)	5,278	-	-
Total comprehensive income	-	-	-	(5,278)	448,367	443,089	443,089
Dividends	-	-	-	-	(56,496)	(56,496)	(56,496)
At 31 December 2020	12,029	38,050	2,421	697,892	3,525,559	4,275,951	4,275,951

The notes on pages 16 to 33 form an integral part of these financial statements.  
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## Aburnet Limited

### Statement of Changes in Equity for the Year Ended 31 December 2021 Equity attributable to the parent company

	Share capital £	Share premium £	Capital redemption reserve £	Non-distributable reserve £	Profit and loss account £	Total £
At 1 January 2021	12,029	38,050	2,421	280,112	2,852,602	3,185,214
Profit for the year	-	-	-	-	33,639	33,639
Other comprehensive income	-	-	-	289,562	74,438	364,000
Total comprehensive income	-	-	-	289,562	108,077	397,639
Dividends	-	-	-	-	(128,500)	(128,500)
At 31 December 2021	12,029	38,050	2,421	569,674	2,832,179	3,454,353
	Share capital £	Share premium £	Capital redemption reserve £	Non-distributable reserve £	Profit and loss account £	Total £
At 1 January 2020	12,029	38,050	2,421	285,390	2,684,854	3,022,744
Profit for the year	-	-	-	-	218,966	218,966
Other comprehensive income	-	-	-	(5,278)	5,278	-
Total comprehensive income	-	-	-	(5,278)	224,244	218,966
Dividends	-	-	-	-	(56,496)	(56,496)
At 31 December 2020	12,029	38,050	2,421	280,112	2,852,602	3,185,214

The notes on pages 16 to 33 form an integral part of these financial statements.  
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# Aburnet Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Profit for the year		212,247	443,089
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	122,387	107,134
Changes in fair value of investment property	<u>14</u>	(87,750)	-
(Profit)/loss on disposal of tangible assets	<u>5</u>	(16,100)	15
Finance income	<u>7</u>	(86)	(11,491)
Finance costs	<u>8</u>	54	29
Income tax expense	<u>12</u>	159,041	41,259
		<u>389,793</u>	<u>580,035</u>
Working capital adjustments			
Decrease/(increase) in stocks	<u>16</u>	50,316	(85,263)
(Increase)/decrease in trade debtors	<u>17</u>	(154,060)	255,531
Increase in trade creditors	<u>19</u>	806	172,816
		<u>286,855</u>	<u>923,119</u>
Cash generated from operations			
Income taxes paid	<u>12</u>	(37,394)	(50,967)
		<u>249,461</u>	<u>872,152</u>
Net cash flow from operating activities			
<b>Cash flows from investing activities</b>			
Interest received		86	87
Acquisitions of tangible assets		(131,828)	(45,576)
Proceeds from sale of tangible assets		16,100	-
Dividend income		-	11,404
		<u>(115,642)</u>	<u>(34,085)</u>
Net cash flows from investing activities			
<b>Cash flows from financing activities</b>			
Interest paid	<u>8</u>	(54)	(29)
Dividends paid		(128,500)	(56,496)
		<u>(128,554)</u>	<u>(56,525)</u>
Net cash flows from financing activities			
Net increase in cash and cash equivalents		5,265	781,542
Cash and cash equivalents at 1 January		1,054,954	273,412
Cash and cash equivalents at 31 December		<u>1,060,219</u>	<u>1,054,954</u>

# **Aburnet Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Manners Avenue  
Manners Industrial Estate  
Ilkeston  
Derbyshire  
DE7 8EF

These financial statements were authorised for issue by the Board on 14 February 2023.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### **Summary of disclosure exemptions**

The group has taken advantage of the exemption to disclose the compensation of key management personnel as permitted by FRS 102 section 33.7A..

#### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2021.

## **Aburnet Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when:

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

#### **Government grants**

Government grants are accounted for under the performance model. Grants received are treated as liability until the performance criteria specified in the contract are met. At this point the grant is treated as income in the profit and loss account.

## **Aburnet Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

#### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Land and buildings	2% straight line
Other property, plant and equipment	14.3% to 100% straight line
Furniture, fittings and equipment	10% to 100% straight line
Motor vehicles	20% straight line

#### **Investment property**

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

## **Aburnet Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

## **Aburnet Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

# Aburnet Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 3 Turnover

The analysis of the group's Turnover for the year from continuing operations is as follows:

	2021 £	2020 £
Sale of goods	3,649,192	4,446,792
Rental income from investment property	72,956	69,914
	<u>3,722,148</u>	<u>4,516,706</u>

The analysis of the group's Turnover for the year by market is as follows:

	2021 £	2020 £
UK	1,771,113	1,817,251
Europe	680,391	559,209
Rest of world	1,270,644	2,140,246
	<u>3,722,148</u>	<u>4,516,706</u>

### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2021 £	2020 £
Government grants	12,465	74,280
Sub lease rental income	29,939	32,185
Miscellaneous other operating income	425	-
	<u>42,829</u>	<u>106,465</u>

### 5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2021 £	2020 £
Gain/(loss) on disposal of Tangible assets	<u>16,100</u>	<u>(15)</u>

### 6 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	122,387	107,134
Operating lease expense - other	-	175
(Profit)/loss on disposal of property, plant and equipment	<u>(16,100)</u>	<u>15</u>

# Aburnet Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 7 Other interest receivable and similar income

	2021 £	2020 £
Interest income on bank deposits	43	25
Dividend income	-	11,404
Other finance income	43	62
	<u>86</u>	<u>11,491</u>

### 8 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	54	29
Foreign exchange gains	68,157	33,571
	<u>68,211</u>	<u>33,600</u>

### 9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	1,247,560	1,546,120
Social security costs	120,029	160,157
Other short-term employee benefits	1,356	102
Pension costs, defined contribution scheme	44,092	186,528
Settlement agreement	25,000	-
Other employee expense	58,564	91,571
	<u>1,496,601</u>	<u>1,984,478</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Production	274	277
Administration and support	17	17
Distribution	11	11
Other departments	3	3
	<u>305</u>	<u>308</u>



# Aburnet Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	183,567	176,600
Contributions paid to money purchase schemes	14,371	156,248
	<u>197,938</u>	<u>332,848</u>

### 11 Auditors' remuneration

	2021 £	2020 £
Audit of these financial statements	<u>15,500</u>	<u>-</u>

### 12 Taxation

Tax charged/(credited) in the consolidated profit and loss account

	2021 £	2020 £
<b>Current taxation</b>		
UK corporation tax	57,963	20,799
UK corporation tax adjustment to prior periods	-	(15,246)
	<u>57,963</u>	<u>5,553</u>
Foreign tax	<u>13,846</u>	<u>42,762</u>
Total current income tax	71,809	48,315
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>87,232</u>	<u>(7,056)</u>
Tax expense in the income statement	<u>159,041</u>	<u>41,259</u>

# Aburnet Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	371,288	484,348
Corporation tax at standard rate	70,545	92,026
Effect of revenues exempt from taxation	25,826	-
Effect of expense not deductible in determining taxable profit (tax loss)	(919)	14,910
Effect of tax losses	32,090	(20,806)
Effect of foreign tax rates	14,362	5,849
Decrease from effect of tax incentives	(52,309)	(42,106)
Decrease in UK and foreign current tax from unrecognised tax loss or credit	(16,673)	-
Deferred tax expense from revaluation of properties	84,595	-
Deferred tax expense/(credit) from unrecognised temporary difference from a prior period	2,637	(7,056)
Decrease in UK and foreign current tax from adjustment for prior periods	-	(9,161)
Tax (decrease)/increase from effect of capital allowances and depreciation	(1,113)	9,770
Tax decrease from effect of dividends from UK companies	-	(2,167)
Total tax charge	159,041	41,259

### Deferred tax

#### Group

Deferred tax assets and liabilities

	Liability £
<b>2021</b>	
Deferred tax	270,223

	Liability £
<b>2020</b>	
Deferred tax	182,991

#### Company

Deferred tax assets and liabilities

	Liability £
<b>2021</b>	
Deferred tax	155,552

# Aburnet Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

2020	Liability
	£
Deferred tax	<u>84,993</u>

## Aburnet Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 13 Tangible assets Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	1,040,000	330,364	154,973	1,273,292	2,798,629
Revaluations	260,000	-	-	-	260,000
Additions	-	6,653	115,244	9,931	131,828
Disposals	-	-	(37,707)	-	(37,707)
At 31 December 2021	1,300,000	337,017	232,510	1,283,223	3,152,750
<b>Depreciation</b>					
At 1 January 2021	83,200	287,485	125,907	955,642	1,452,234
Charge for the year	20,800	18,396	42,900	40,291	122,387
Eliminated on disposal	-	-	(37,707)	-	(37,707)
Eliminated on revaluation	(104,000)	-	-	-	(104,000)
At 31 December 2021	-	305,881	131,100	995,933	1,432,914
<b>Carrying amount</b>					
At 31 December 2021	1,300,000	31,136	101,410	287,290	1,719,836
At 31 December 2020	956,800	42,879	29,066	317,650	1,346,395

## **Aburnet Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Revaluation**

The fair value of the group's Freehold property was revalued on 31 December 2021. An independent valuer was not involved.

The directors have determined the value of the freehold property held using information from recent valuations of similar property in area in which the freehold property is held. The last valuation by an independent valuer was conducted on 13 June 2016.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £609,311 (2020 - £623,595).

## Aburnet Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Company

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	1,040,000	277,263	154,973	1,103,532	2,575,768
Revaluations	260,000	-	-	-	260,000
Additions	-	6,629	115,244	9,931	131,804
Disposals	-	-	(37,707)	-	(37,707)
At 31 December 2021	1,300,000	283,892	232,510	1,113,463	2,929,865
<b>Depreciation</b>					
At 1 January 2021	83,200	234,873	125,907	910,275	1,354,255
Charge for the year	20,800	18,126	42,900	40,224	122,050
Eliminated on disposal	-	-	(37,707)	-	(37,707)
Eliminated on revaluation	(104,000)	-	-	-	(104,000)
At 31 December 2021	-	252,999	131,100	950,499	1,334,598
<b>Carrying amount</b>					
At 31 December 2021	1,300,000	30,893	101,410	162,964	1,595,267
At 31 December 2020	956,800	42,390	29,066	193,257	1,221,513

# Aburnet Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 14 Investment properties

#### Group

	<b>2021</b> <b>£</b>
At 1 January	1,477,250
Fair value adjustments	<u>87,750</u>
At 31 December	<u><u>1,565,000</u></u>

The directors have determined the value of the investment property held using information from recent sales of similar properties in the area in which the investment property is held.

There has been no valuation of investment property by an independent valuer.

### 15 Investments

#### Company

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Investments in subsidiaries	200	200
Investments in associates	<u>50</u>	<u>50</u>
	<u><u>250</u></u>	<u><u>250</u></u>

#### Subsidiaries

£

#### Cost or valuation

At 1 January 2021	<u>200</u>
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#### Provision

#### Carrying amount

At 31 December 2021	<u><u>200</u></u>
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At 31 December 2020	<u><u>200</u></u>
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#### Associates

£

#### Cost

At 1 January 2021	<u>50</u>
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#### Provision

#### Carrying amount

At 31 December 2021	<u><u>50</u></u>
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At 31 December 2020	<u><u>50</u></u>
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## Aburnet Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Aburnet (Hair Containment Solutions) Limited	Manners Avenue, Manners Industrial Estate, Ilkeston, Derbyshire, England, DE7 8EF	Ordinary	100%	100%
Aburnet Developments Limited	Manners Avenue, Manners Industrial Estate, Ilkeston, Derbyshire, England, DE7 8EF	Ordinary	100%	100%
Associates				
Aerborn Aburnet Limited	Manners Avenue, Manners Industrial Estate, Ilkeston, Derbyshire, England, DE7 8EF	Ordinary	50%	50%

#### Subsidiary undertakings

##### *Aburnet (Hair Containment Solutions) Limited*

The principal activity of Aburnet (Hair Containment Solutions) Limited is the manufacturing of hair nets and other related headwear.

##### *Aburnet Developments Limited*

The principal activity of Aburnet Developments Limited is the development of rental properties.

#### Associates

##### *Aerborn Aburnet Limited*

The principal activity of Aerborn Aburnet Limited is dormant.



# Aburnet Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 16 Stocks

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Raw materials and consumables	168,927	155,313	-	155,313
Work in progress	147,839	300,137	-	300,137
Finished goods and goods for resale	143,368	55,000	-	55,000
	<u>460,134</u>	<u>510,450</u>	<u>-</u>	<u>510,450</u>

### 17 Debtors

		Group		Company	
Current	Note	2021 £	2020 £	2021 £	2020 £
Trade debtors		900,834	718,761	-	721,744
Amounts owed by related parties		-	-	1,542,512	846,128
Other debtors		188,534	181,710	40,532	79,791
Prepayments		72,756	107,593	6	99,946
Corporation tax asset	<u>12</u>	33,298	26,557	33,298	26,557
		<u>1,195,422</u>	<u>1,034,621</u>	<u>1,616,348</u>	<u>1,774,166</u>

### 18 Cash and cash equivalents

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Cash on hand	458	624	-	234
Cash at bank	832,646	594,058	329,077	527,810
Short-term deposits	227,115	460,272	227,115	460,272
	<u>1,060,219</u>	<u>1,054,954</u>	<u>556,192</u>	<u>988,316</u>

# Aburnet Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 19 Creditors

		Group		Company	
	Note	2021 £	2020 £	2021 £	2020 £
<b>Due within one year</b>					
Loans and borrowings	<u>22</u>	9,500	9,500	9,500	9,500
Trade creditors		144,379	190,671	-	627,156
Amounts due to related parties		133,500	115,500	133,500	115,500
Social security and other taxes		47,290	37,731	-	37,537
Outstanding defined contribution pension costs		2,527	1,498	-	-
Other payables		1,254	143,827	-	142,486
Accruals		597,193	436,110	15,152	292,309
Corporation tax liability	<u>12</u>	71,097	29,941	-	-
		1,006,740	964,778	158,152	1,224,488

### 20 Pension and other schemes

#### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £44,092 (2020 - £186,528).

Contributions totalling £2,527 (2020 - £1,498) were payable to the scheme at the end of the year and are included in creditors.

### 21 Share capital

#### Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	12,029	12,029	12,029	12,029

#### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

Each share carries equal voting rights.

# Aburnet Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 22 Loans and borrowings

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
<b>Current loans and borrowings</b>				
Redeemable preference shares	9,500	9,500	9,500	9,500

### 23 Financial instruments

#### Group

#### Categorisation of financial instruments

	2021 £	2020 £
Financial assets that are debt instruments measured at amortised cost	2,149,586	1,955,424
Financial liabilities measured at amortised cost	885,823	895,607

#### Items of income, expense, gains or losses

The total interest income for financial assets not measured at fair value through profit or loss is £86 (2020 - £87). The total interest expense for financial liabilities not measured at fair value through profit or loss is £54 (2020 - £29).

#### Company

#### Categorisation of financial instruments

	2021 £	2020 £
Financial assets that are debt instruments measured at amortised cost	2,139,236	2,635,979
Financial liabilities measured at amortised cost	158,152	1,186,951

### 24 Parent and ultimate parent undertaking

The ultimate controlling party is Mr R J S Burnet.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.