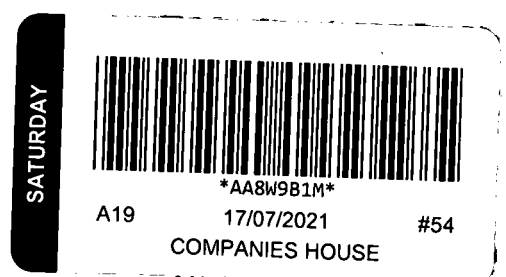


Registered number: 02021685

JOHN MILLS LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



JOHN MILLS LIMITED

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JOHN MILLS LIMITED

COMPANY INFORMATION

Directors	J A D Mills K J Daly S D Tebble C F Corby (resigned 8 June 2020) B Keogh D H Grier L Angel (appointed 8 March 2020) S A Hathway (appointed 1 March 2021) S M Aubrey-Cound (appointed 1 April 2021)
Registered number	02021685
Registered office	Chiswick Green 610 Chiswick High Road London W4 5RU
Trading Address	Chiswick Green 610 Chiswick High Road London W4 5RU
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor Palladium House 1 - 4 Argyll Street London W1F 7LD

JOHN MILLS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present the strategic report and consolidated financial statements for the year ended 31 December 2020.

The principal activities of the group during the year were that of retail distribution of consumer products, distribution via international partners, direct-to-consumer, online and through television home shopping.

Business review

In 2020 the group, trading as JML, grew revenues and profits compared with 2019 despite the challenges caused by the global Covid 19 pandemic. Retail distribution was impacted by the crisis, however this was more than compensated by very strong demand through direct to consumer channels including the company's website.

The business was substantially cash generative significantly reducing borrowing. This was due to profit performance and a shift from retail distribution to direct selling which reduced debtor days. Expenditure and working capital were successfully managed throughout the year.

The group has continued to invest in new product development, IT and infrastructure despite the pandemic. Management are confident that the organisation is well placed to continue to increase revenues over the coming period as a result of these investments.

The core model of JML has remained unchanged and is central to future growth. That is, developing innovative consumer products, or licensing them from third parties, and then using video to market them online, in store and on TV under the JML brand and other subsidiary brands. Many of these products are in categories that have proved to be very popular with consumers who remain at home due to the pandemic.

The coronavirus crisis has accelerated a shift online for JML in the UK and Ireland. Internationally, a strategy is underway which targets growth through developing new products with high quality promotional video content to be distributed through partners already in place in over 50 territories. UK direct to consumer revenues are growing fast as consumers shop more frequently from home, facilitated by the launch in late 2019 of a new, re-platformed website and the implementation of the CRM module of Microsoft Dynamics 365, part of the companywide ERP system. The business has increased team resources in ecommerce and social media departments in order to improve digital marketing and drive sales growth. Despite the company's current success online, expanded retail distribution is being sought for post coronavirus pandemic and additional space in key retailers has been agreed for later in 2021.

Organic growth is being targeted via the core JML brand online, in retail and via international distribution partners. Incremental revenues are being planned through the launch of business units that promote new product ranges under separate distinct brands that appeal to different groups of consumers. UK rights have been secured to a number of third party brands that have been successful elsewhere and the company is also developing its own ranges. Acquisitions of companies with suitable brands and product portfolios are under consideration. The intention is to add revenue whilst leveraging existing infrastructure, customer base and expertise.

JOHN MILLS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The coronavirus pandemic initially had far reaching consequences for JML including a large reduction in retail distribution revenues and a move to home working for many of the company's employees. The business has however operated efficiently throughout the crisis despite the logistical challenges. Retail trading has steadily recovered to close to pre-Covid levels whilst direct to consumers sales have increased enormously. At the time of writing, home working is still widespread at JML although a return to offices is planned in the near future at least on a part time hybrid basis. These plans however are subject to continued progress in reducing the transmission of Covid-19 and government guidelines. To date, within JML there have been 15 confirmed cases of Covid and no serious illness.

Transmission of Covid 19 has dramatically fallen in the UK although there is a risk of resurgence particularly through new mutations of the virus. There is therefore a possibility that the business could be negatively impacted if this were to happen. Conversely, a return to a pre-Covid environment could cause JML's direct to consumer revenues to fall.

Global shipping costs have increased dramatically as a result of the pandemic as capacity has been taken out of service and containers have become stranded around the world. Whilst it is anticipated that the situation will recover, this is currently impacting JML's margins and there is a risk of re-occurrence.

Future pandemics must now be considered a very real danger to many businesses including JML although the experience of Covid-19 demonstrates that JML is well placed to benefit commercially through increased demand for the company's products if consumers are spending more time at home.

JML uses a number of strategies to mitigate the impact of currency fluctuations. These include some currency hedging, adjusting selling prices, re-sourcing suppliers and changing the mix of sales to favour higher margin products. Increased international distribution will also dilute any currency exchange effects.

The loss of a major customer could be considered a risk to the business and perhaps more likely now in the light of coronavirus which may cause retailers to fail. Management are successfully widening the portfolio of distribution and are growing the direct to consumer operation to ensure that no single customer is critical to the group's health. Furthermore, JML's largest customers are supermarkets and those with pharmacies which have continued to trade successfully throughout the pandemic.

The departure of key employees is a risk and JML has ensured an excellent track record of retaining talent and maintaining a culture which engenders high morale and staff motivation. Succession planning is a core element of strategy to ensure that senior managers could always be replaced by high calibre internal candidates.

The financial instruments used by the group arise wholly and directly from the company's operations. These comprise trade debtors, cash at bank, bank loans, invoice discounting facilities and trade creditors.

The group has put in place the following measures in order to manage the risks arising from these financial instruments:

1. The group undertakes credit checks on all customers in the United Kingdom and has a policy for the approval of a credit limit, which is notified to the customer. No overseas customers are allowed any credit, with the exception of those where a long trading relationship exists and where there is excellent knowledge of the business of the customer. The group regularly reviews customers' credit limits and will not, other than in exceptional circumstances, supply customers where an order results in a customer exceeding its credit limit.
2. The group manages its cash positions by regularly monitoring its cash flow, using cash flow forecasting and variance analysis.
3. The financial risk arising from the possible non-advance of credit by its trade creditors, either by exceeding agreed credit limits or by not paying with the specified terms, is managed by regularly monitoring the trade balance and credit limit terms from all suppliers.

JOHN MILLS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Development and performance

JML commits substantial resources to the ongoing development of new products and the production of video content with which to promote them.

Investment in IT and systems has also continued apace. Management believes that this will bring many benefits. However, infrastructure costs reduced in 2020 as the largest projects had reached completion. In addition, the implementation of a private cloud network at the end of 2019 has resulted in savings in third party data storage.

The directors consider the group to be adequately financed for the foreseeable future through a range of facilities, the largest of which funds stock and debtors from Shawbrook Bank. Borrowing was reduced by £3.5 million over the 12 month period. Further reductions in borrowing have been achieved in early 2021.

JML is committed to employee engagement initiatives which include a Works Council, an ongoing programme of staff training, regular conferences, mental health and wellbeing projects, company intranet, charity and social events, company newsletter and a culture of open communication. A high quality team is in place to take the group forward, a combination of long standing staff and more recent recruits.

JML is accredited with ISO 9001:2015 a quality management system audited by BSI (British Standards Institute). The company is working towards the environmental accreditation ISO 14001 and has made firm environmental commitments including the virtual elimination of non-recyclable materials in its packaging and greatly increasing the use of recycled and compostable materials.

With a highly motivated workforce and as a result of the investments made over the past 12 months, the directors believe that the group is poised for a period of growth and increased profitability once the coronavirus crisis has abated.

Key performance indicators

The key performance indicators used by the group include gross profit margin, which grew from 50.3% to 52.2%, and turnover which increased from £59.0m to £61.0m.

Management are confident that the company's governance is exemplary with the ongoing analysis of performance indicators to ensure optimal business performance, including monthly reporting of key metrics to the board.

The non-financial key performance indicators include ensuring that products and service are highly rated by customers whilst constantly striving to improve quality control measures. The company also identifies customer care services as being highly significant and measures these by aiming to maintain a Net Promoter Score of over 75, a Customer Satisfaction Score of over 85% and to achieve over 95% on time delivery.

In addition, other non-financial key performance indicators include raising brand awareness and the group profile measured by both customer and supplier loyalties and other attributes such as market share and size of database.

Key performance indicators are maintained across all parts of the business to ensure management are constantly monitoring and challenging results.

JOHN MILLS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

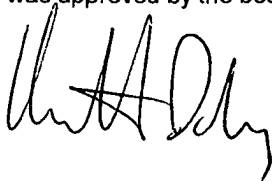
Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of John Mills Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole in decisions taken during the year ended 31 December 2020. In particular:

- The strategy was designed to have a long-term beneficial impact on the company and to contribute to its success by delivering more sustainable earnings, continuous product and service improvements and an increasingly rewarding environment in which to work.
- JML's employees are fundamental to the delivery of the company's strategy. The business aims to be a responsible employer in its approach to the pay and benefits employees receive. The health, safety and well-being of staff is one of the primary considerations in the way JML conducts business.
- The company takes its duty to customers extremely seriously, both business clients and consumers. Management strive to always provide the highest quality products and services and ensure any concerns or complaints are addressed quickly, efficiently and with an aim of completely satisfying the customer where possible and reasonable.
- The company takes its duty to suppliers extremely seriously. The business aims to maintain the highest reputation for being a good customer, treating suppliers in a friendly, respectful and collaborative way, paying fair prices and settling debts within agreed timeframes.
- JML's strategy has taken into account the impact of the company's operations on the community, environment and wider societal responsibilities. Several of the performance measures in the company's strategy will deliver sustainability improvements.
- The Board of Directors' intention is to behave responsibly and ensure that management operate the business in a responsible manner, maintaining the high standards of business conduct and good governance expected for a business such as JML and in doing so, will contribute to the delivery of the company's strategic plan. The intention is to nurture JML's reputation, through providing an excellent experience for customers, suppliers and other stakeholders when interacting with the business.
- The Board of Directors' intention is to always treat shareholders fairly and respect their views, so they too may benefit from the successful delivery of the company's strategic plan.

This report was approved by the board and signed on its behalf.

K J Daly
Director



Date: 6 July 2021

JOHN MILLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £2,953,528 (2019 - £320,514).

No interim ordinary dividend was paid in the year (2019: £490,000). The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

J A D Mills
K J Daly
S D Tebble
C F Corby (resigned 8 June 2020)
B Keogh
D H Grier
L Angel (appointed 8 March 2020)

Streamlined Energy and Carbon Reporting (SECR)

In line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the company's energy use and greenhouse gas (GHG) emissions are set out below.

The data relates to the 12 month period from 1 January 2020 to 31 December 2020.

Total energy consumption	1,692,859 kWh
Emissions from combustion of gas (scope 1)	326 tCO ₂ e
Emissions from combustion of fuel for the purposes of transport (scope 1)	15 tCO ₂ e
Emissions from purchased electricity (scope 2)	57 tCO ₂ e
Total gross emissions	398 tCO ₂ e
Intensity ratio	6.55 tCO ₂ e/£1m Turnover

Comparison to previous financial year

As this is the first SECR report submitted by John Mills Limited, there is no comparison to the previous reporting year's carbon emissions or energy consumption.

Primary energy efficiency measures implemented

No specific energy efficiency actions were undertaken in 2020 apart from the replacement of halogen lights in Warehouse with LED as and when lights fail.

Methodology

This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement.

The carbon figures have been calculated using the BEIS 2020 carbon conversion factors for all fuels.

Matters covered in the strategic report

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

JOHN MILLS LIMITED

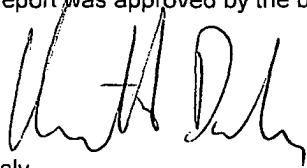
DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This report was approved by the board and signed on its behalf.



K J Daly
Director

Date: 6 July 2021

JOHN MILLS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

JOHN MILLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MILLS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of John Mills Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group profit and loss account, the Group statement of comprehensive income, the Group and Company balance sheets, the Group statement of cash flows, the Group and Company statement of changes in equity and the related notes, 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 Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

JOHN MILLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MILLS LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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 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 group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

JOHN MILLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MILLS LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the retail distribution of consumer products sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

JOHN MILLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MILLS LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Blick Rothenberg Audit LLP

Russell Tenzer FCA (Senior Statutory Auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

Palladium House
1 - 4 Argyll Street
London
W1F 7LD
Date: 13.07.2021

JOHN MILLS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	61,041,563	59,027,030
Cost of sales		(29,188,359)	(29,350,912)
Gross profit		31,853,204	29,676,118
Distribution costs		(15,057,806)	(14,994,389)
Administrative expenses		(13,751,211)	(13,922,603)
Other operating income	5	887,507	212,864
Fair value movements		(49,758)	(10,027)
Operating profit	6	3,881,936	961,963
Share of profit of joint ventures		61,671	39,761
Total operating profit		3,943,607	1,001,724
Amounts written off investments		(5)	-
Interest receivable and similar income	10	717	30
Interest payable and similar expenses	11	(415,773)	(691,087)
Profit before tax		3,528,546	310,667
Tax on profit	12	(575,018)	9,847
Profit for the financial year		2,953,528	320,514
Profit for the year attributable to:			
Owners of the parent		2,953,528	320,514
		2,953,528	320,514

The notes on pages 21 to 48 form part of these financial statements.

JOHN MILLS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Profit for the financial year	2,953,528	320,514
Other comprehensive income		
Currency translation differences	(77,780)	126,187
Other comprehensive income for the year	(77,780)	126,187
Total comprehensive income for the year	2,875,748	446,701
Profit for the year attributable to:		
Owners of the parent Company	2,953,528	320,514
	2,953,528	320,514
Total comprehensive income attributable to:		
Owners of the parent Company	2,875,748	446,701
	2,875,748	446,701

JOHN MILLS LIMITED**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	633,759	1,011,969
Tangible assets	15	987,001	1,316,862
Investments	16	165,653	129,587
		<u>1,786,413</u>	<u>2,458,418</u>
Current assets			
Stocks	17	7,248,330	6,233,449
Debtors: amounts falling due after more than one year	18	724,436	950,233
Debtors: amounts falling due within one year	18	16,629,624	18,164,039
Cash at bank and in hand	19	2,417,154	643,802
		<u>27,019,544</u>	<u>25,991,523</u>
Creditors: amounts falling due within one year	20	(14,015,003)	(16,115,127)
Net current assets		<u>13,004,541</u>	<u>9,876,396</u>
Total assets less current liabilities		<u>14,790,954</u>	<u>12,334,814</u>
Creditors: amounts falling due after more than one year	21	(1,748,720)	(2,168,328)
Net assets		<u><u>13,042,234</u></u>	<u><u>10,166,486</u></u>
Capital and reserves			
Called up share capital	26	453,719	453,719
Capital redemption reserve	27	49,151	49,151
Foreign exchange reserve	27	(411,898)	(334,118)
Profit and loss account	27	12,951,262	9,997,734
Equity attributable to the owners of the parent Company		<u><u>13,042,234</u></u>	<u><u>10,166,486</u></u>

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


K J Daly
Director


J A D Mills
Director

Date: 6 July 2021

The notes on pages 21 to 48 form part of these financial statements.

JOHN MILLS LIMITED**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	377,970	575,616
Tangible assets	15	987,001	1,316,862
Investments	16	116,300	116,305
		<u>1,481,271</u>	<u>2,008,783</u>
Current assets			
Stocks	17	7,248,330	6,233,449
Debtors: amounts falling due after more than one year	18	2,661,650	950,233
Debtors: amounts falling due within one year	18	16,514,547	20,596,154
Cash at bank and in hand	19	2,211,573	425,886
		<u>28,636,100</u>	<u>28,205,722</u>
Creditors: amounts falling due within one year	20	(13,937,784)	(16,084,395)
Net current assets		<u>14,698,316</u>	<u>12,121,327</u>
Total assets less current liabilities		<u>16,179,587</u>	<u>14,130,110</u>
Creditors: amounts falling due after more than one year	21	(1,748,720)	(2,168,328)
Net assets		<u><u>14,430,867</u></u>	<u><u>11,961,782</u></u>
Capital and reserves			
Called up share capital	26	453,719	453,719
Capital redemption reserve	27	49,151	49,151
Profit and loss account brought forward		11,458,912	11,830,415
Profit for the year		2,469,085	118,497
Dividends paid		-	(490,000)
Profit and loss account carried forward		<u>13,927,997</u>	<u>11,458,912</u>
		<u><u>14,430,867</u></u>	<u><u>11,961,782</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 July 2021


K J Daly
Director


J A D Mills
Director

The notes on pages 21 to 48 form part of these financial statements.

JOHN MILLS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Capital redemption reserve £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2019	453,719	49,151	(460,305)	10,167,220	10,209,785
Comprehensive income for the year					
Profit for the year	-	-	-	320,514	320,514
Currency translation differences	-	-	126,187	-	126,187
Other comprehensive income for the year	-	-	126,187	-	126,187
Total comprehensive income for the year	-	-	126,187	320,514	446,701
Dividends: Equity capital	-	-	-	(490,000)	(490,000)
Total transactions with owners	-	-	-	(490,000)	(490,000)
At 1 January 2020	453,719	49,151	(334,118)	9,997,734	10,166,486
Comprehensive income for the year					
Profit for the year	-	-	-	2,953,528	2,953,528
Currency translation differences	-	-	(77,780)	-	(77,780)
Other comprehensive income for the year	-	-	(77,780)	-	(77,780)
Total comprehensive income for the year	-	-	(77,780)	2,953,528	2,875,748
At 31 December 2020	453,719	49,151	(411,898)	12,951,262	13,042,234

The notes on pages 21 to 48 form part of these financial statements.

JOHN MILLS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2019	453,719	49,151	11,830,415	12,333,285
Comprehensive income for the year				
Profit for the year	-	-	118,497	118,497
Total comprehensive income for the year	-	-	118,497	118,497
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(490,000)	(490,000)
Total transactions with owners	-	-	(490,000)	(490,000)
At 1 January 2020	453,719	49,151	11,458,912	11,961,782
Comprehensive income for the year				
Profit for the year	-	-	2,469,085	2,469,085
Total comprehensive income for the year	-	-	2,469,085	2,469,085
At 31 December 2020	453,719	49,151	13,927,997	14,430,867

The notes on pages 21 to 48 form part of these financial statements.

JOHN MILLS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	2,953,528	320,514
Adjustments for:		
Amortisation of intangible assets	372,582	196,189
Depreciation of tangible assets	739,351	741,245
Profit on disposal of tangible assets	(23,415)	(51,219)
Loss on disposal of intangible assets	5,628	-
Interest received	(717)	(30)
Taxation charge	575,018	(9,847)
(Increase)/decrease in stocks	(1,014,881)	2,081,869
Decrease in debtors	1,760,212	1,626,791
Increase/(decrease) in creditors	1,138,940	(997,946)
Share of operating (profit) in joint ventures	(61,671)	(39,761)
Corporation tax received/(paid)	-	(371,622)
Amounts written off investments	-	10,027
Net cash generated from operating activities	6,444,575	3,506,210
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(149,137)
Sale of intangible assets	-	93,396
Purchase of tangible fixed assets	(411,015)	(656,170)
Sale of tangible fixed assets	24,940	126,836
Purchase of share in joint ventures	-	(15,000)
Interest received	717	30
Dividends received	25,605	-
Net cash outflow from investing activities	(359,753)	(600,045)
Cash flows from financing activities		
Other new loans	17,039	469,663
Repayment of other loans	(305,864)	(910,023)
Repayment of finance leases	(431,512)	(201,076)
Dividends paid	-	(490,000)
Net cash used in financing activities	(720,337)	(1,131,436)
Net increase in cash and cash equivalents	5,364,485	1,774,729
Cash and cash equivalents at beginning of year	(8,175,442)	(10,076,358)
Foreign exchange gains and losses	(77,780)	126,187
Cash and cash equivalents at the end of year	(2,888,737)	(8,175,442)

JOHN MILLS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,417,154	643,802
Bank overdrafts	(5,305,891)	(8,819,244)
	<u>(2,888,737)</u>	<u>(8,175,442)</u>

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

John Mills Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Chiswick Green, 610 Chiswick High Road, London, W4 5RU.

The principal activities of the Group during the year were that of retail distribution of consumer products, distribution via international partners, direct-to-consumer, online and through television home shopping.

The Group consists of John Mills Limited and all of its subsidiaries.

The financial statements are presented in Sterling (£).

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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 3 'Financial Statement Presentation' – Inclusion of statement of cash flows;
- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 26 'Share Based Payments' – Disclosure of share based payments;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The following principal accounting policies have been applied:

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. In the group accounts, the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of John Mills Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

Subsidiaries stated in note 16 have been included in the group financial statements using the acquisition method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of these companies. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more joint venture partners under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Going concern

The directors continue to monitor the impact of the ongoing Coronavirus pandemic and resulting lockdowns and restrictions placed on businesses during the year, notably non-essential high street retail. Business development and sales administration staff, working from home or in the office under the Government's Social distancing guidelines, continue to procure and process customer orders.

At the time of approving the financial statements, the UK is emerging from a third lockdown. This has affected the company's ability to sell its products through retail stores. However, the direct to consumer elements of the company are experiencing substantial increases in revenue and demand for the company's products through these channels is exceptionally strong. The UK government's scheme to enable employers to furlough staff that are not required during the crisis had enabled the company to reduce costs significantly. Therefore by shifting emphasis from Retail Distribution to Direct-to-Consumer and by cutting overheads, the company has been able to report robust sales and profitability during a prolonged period of restrictions. The company continues to maintain and cultivate its relationships with the more traditional high street retail outlets, and the directors believe that the business is well placed to take advantage of the re-opening of the retail sector.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of approving the financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Revenue

Revenue represents amounts receivable for goods and services net of VAT and trade discounts. The majority of the company and group's revenue is derived from in store and direct television sales. The in store sales are made on a sale or return basis. The company makes a provision at the year-end for expected returns. These returns are netted against sales within revenue.

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

Where cash is received in advance, revenue is deferred until despatch of goods, at which point it is recognised in the profit and loss account.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the consolidated profit and loss account in the same period as the related expenditure.

During the year, the company was in receipt of a Coronavirus Job Retention scheme grant. This grant is of a revenue nature and is recognised in the profit and loss in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss 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.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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 balance sheet date.

2.14 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.

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 ten years.

Amortisation is provided on the following bases:

Television broadcast licences	-	straight line over 12.5 years
Computer software	-	33.3% straight-line

2.15 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.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

Depreciation 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:

Video units and studio equipment	- 25% straight-line
Motor vehicles	- 25% straight-line
Fixtures and fittings	- 20%, 25% and 33.3% straight-line
Computer equipment	- 33.3% 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 profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated profit and loss account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

2.18 Stocks

Stocks represent household consumer goods for resale and are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell. Cost is based on the cost of purchase on a first in, first out basis. Cost comprises purchases costs and where applicable, direct labour costs, landing costs, other import costs and those overheads which have been incurred in bringing the stocks to their current location and condition.

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

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.19 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 Financial instruments

The Group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

Financial instruments (continued)

Derivative contracts

Derivatives contracts, foreign exchange forward contracts, are not basic financial instruments.

Derivatives contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in interest payable and similar expenses or interest receivable and similar income as appropriate.

Impairment of financial assets

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

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.21 Dividends

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

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

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

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

Critical judgements

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

Impairment of trade debtors

The group reviews trade debtor balances for impairment and this is performed on a regular basis. Those balances which are considered to be recoverable remain in debtors and those which are not, are impaired and the impairment loss is recorded in the profit and loss. In making this judgement, the company evaluates, among other factors, the duration and the financial health of and short-term business outlook for the trade debtors, including factors such as industry and sector performance. The accounting policy of trade debtors is described in note 2.20. At the year end the carrying amount of trade debtors is stated in note 18.

Stock

Stock is valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and out of date stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends. The accounting policy of stocks is described in note 2.18. At the year end the carrying amount of stocks is stated in note 17.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful life of intangible fixed assets

Intangible assets are amortised over their useful life taking into account, where appropriate, residual values. Assessment of useful lives and residual values are performed annually, taking into account factors such as technological innovation, market information and management considerations. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. The accounting policy of intangible fixed assets is described in note 2.14. The carrying amount of the group's intangible fixed assets in the balance sheet is disclosed in note 14 of the financial statements.

Useful lives of tangible fixed assets

The cost of tangible fixed assets is depreciated over its estimated useful economic life. Management estimates the useful lives of these tangible assets to vary. Changes in the expected level of usage and

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. Judgements in applying accounting policies (continued)

technological developments could impact on the useful economic lives and the residual values of these assets; therefore, future depreciation charges could be revised. The accounting policy of tangible fixed assets is described in note 2.15. The carrying amount of the group's tangible fixed assets in the balance sheet is disclosed in note 15 of the financial statements.

Volume and price markdown rebates given to customers

Rebates are given to customers, in accordance with customer contracts, when cumulative turnover exceeds a predefined level or if the customer sells on goods at a marked down price. Provision is made for these "retro-rebates" at the year-end. The provision is based on past rebates given and is necessarily an estimate.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Retail sales	38,986,312	43,336,343
Mail order and catalogue sales	947,704	788,141
TV channel and online sales	12,565,154	6,635,802
Export sales	8,542,393	8,266,750
	61,041,563	59,027,036

Analysis of turnover by country of destination:

	2020 £	As restated 2019 £
United Kingdom	49,465,991	47,882,728
European Union	4,428,021	4,395,213
Rest of the World	7,147,551	6,749,095
	61,041,563	59,027,036

Subsequent to the approval of the financial statements for the year ended 31 December 2019, it emerged that the geographical analysis was incorrect. We have amended the disclosure in these financial statements. There is no impact on the primary statements.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. Other operating income

	2020 £	2019 £
Other operating income	9,089	12,952
Royalty receivable	44,088	64,095
Government grants receivable	834,330	135,817
	<u>887,507</u>	<u>212,864</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Exchange differences	186,825	(17,760)
Research and development charged as an expense	38,947	76,710
Depreciation of owned tangible fixed assets	491,090	429,183
Depreciation of tangible fixed assets held under finance leases	248,261	312,063
Profit on disposal of tangible fixed assets	23,415	51,219
Amortisation of intangible assets	372,582	196,189
Cost of stocks recognised as an expense	29,149,412	29,274,202
Other operating lease rentals	496,084	516,981

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>62,500</u>	<u>60,750</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>2,000</u>	<u>2,000</u>
	<u>2,000</u>	<u>2,000</u>

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	7,655,967	7,280,532	7,517,355	7,117,821
Social security costs	610,101	663,934	597,133	648,492
Cost of defined contribution scheme	725,817	715,149	725,817	715,149
	<u>8,991,885</u>	<u>8,659,615</u>	<u>8,840,305</u>	<u>8,481,462</u>

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

	2020 No.	2019 No.
Management	4	4
Sales	108	115
Warehouse	21	17
Administration	96	104
	<u>229</u>	<u>240</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	755,501	549,271
Company contributions to defined contribution pension schemes	69,519	67,426
	<u>825,020</u>	<u>616,697</u>

The highest paid director received remuneration of £307,098 (2019 - £196,383).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,331 (2019 - £18,449).

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Interest receivable

	2020 £	2019 £
Other interest receivable	717	30
	<u>717</u>	<u>30</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	294,362	551,637
Other loan interest payable	103,850	111,284
Finance leases and hire purchase contracts	17,561	28,166
	<u>415,773</u>	<u>691,087</u>

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	575,018	(74,489)
	<u>575,018</u>	<u>(74,489)</u>
Total current tax	<u>575,018</u>	<u>(74,489)</u>
Deferred tax		
Origination and reversal of timing differences	-	64,642
Total deferred tax	<u>-</u>	<u>64,642</u>
Taxation on profit/(loss) on ordinary activities	<u>575,018</u>	<u>(9,847)</u>

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>3,528,546</u>	<u>310,667</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<u>670,424</u>	<u>59,027</u>
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	2,381	8,797
Adjustment in respect of prior years	-	(31,684)
Other adjustments	(97,200)	(45,987)
Group relief	(587)	-
Total tax charge for the year	<u>575,018</u>	<u>(9,847)</u>

Factors that may affect future tax charges

In the Spring Budget 2021 on 3 March 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

As of the date of the approval of these financial statements the increase in rates has not been substantively enacted. As the proposal to increase the rate had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

13. Dividends

	2020 £	2019 £
Interim paid	-	490,000
	<u>-</u>	<u>490,000</u>

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Intangible assets

Group

	Television broadcast licences £	Computer software £	Total £
Cost			
At 1 January 2020	2,257,037	591,241	2,848,278
Disposals	-	(5,628)	(5,628)
At 31 December 2020	2,257,037	585,613	2,842,650
Amortisation			
At 1 January 2020	1,820,684	15,625	1,836,309
Charge for the year on owned assets	180,564	192,018	372,582
At 31 December 2020	2,001,248	207,643	2,208,891
Net book value			
At 31 December 2020	255,789	377,970	633,759
At 31 December 2019	436,353	575,616	1,011,969

Television broadcast licences costs with a carrying value of £255,789 (2019: £436,353) is amortised on an 8% straight line basis. The asset has been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss.

Software with a carrying value of £377,970 (2019: £575,616) is amortised on a 33.3% straight line basis. The asset was previously under development and became available for use in December 2019. Accordingly, amortisation was charged from this point.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Intangible assets (continued)

Company

	Computer software £
Cost	
At 1 January 2020	591,241
Disposals	(5,628)
At 31 December 2020	<u>585,613</u>
Amortisation	
At 1 January 2020	15,625
Charge for the year	192,018
At 31 December 2020	<u>207,643</u>
Net book value	
At 31 December 2020	<u><u>377,970</u></u>
At 31 December 2019	<u><u>575,616</u></u>

Software with a carrying value of £377,970 (2019: £575,616) is amortised on a 33.3% straight line basis. The asset was previously under development and became available for use in December 2019. Accordingly, amortisation was charged from this point.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Tangible fixed assets

Group

	Video units and studio equipment £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2020	1,011,142	1,734,429	412,933	1,720,290	4,878,794
Additions	223,792	67,868	50,375	68,980	411,015
Disposals	-	(128,655)	-	(1,235)	(129,890)
At 31 December 2020	<u>1,234,934</u>	<u>1,673,642</u>	<u>463,308</u>	<u>1,788,035</u>	<u>5,159,919</u>
Depreciation					
At 1 January 2020	786,228	1,269,678	378,877	1,127,149	3,561,932
Charge for the year on owned assets	101,792	5,644	15,733	367,921	491,090
Charge for the year on financed assets	40,114	205,184	-	2,963	248,261
Disposals	-	(127,887)	-	(478)	(128,365)
At 31 December 2020	<u>928,134</u>	<u>1,352,619</u>	<u>394,610</u>	<u>1,497,555</u>	<u>4,172,918</u>
Net book value					
At 31 December 2020	<u>306,800</u>	<u>321,023</u>	<u>68,698</u>	<u>290,480</u>	<u>987,001</u>
At 31 December 2019	<u>224,914</u>	<u>464,751</u>	<u>34,056</u>	<u>593,141</u>	<u>1,316,862</u>

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

	2020 £	2019 £
Video units and studio equipment	-	43,077
Motor vehicles	341,886	461,948
	<u>341,886</u>	<u>505,025</u>

The depreciation charge in respect of such assets amounted to £286,710 (2019: £312,063) for the year.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Tangible fixed assets (continued)

Company

	Video units and studio equipment £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2020	1,011,142	1,734,429	412,933	1,720,290	4,878,794
Additions	223,792	67,868	50,375	68,980	411,015
Disposals	-	(128,655)	-	(1,235)	(129,890)
At 31 December 2020	<u>1,234,934</u>	<u>1,673,642</u>	<u>463,308</u>	<u>1,788,035</u>	<u>5,159,919</u>
Depreciation					
At 1 January 2020	786,228	1,269,678	378,877	1,127,149	3,561,932
Charge for the year on owned assets	101,792	5,644	15,733	367,921	491,090
Charge for the year on financed assets	40,114	205,184	-	2,963	248,261
Disposals	-	(127,887)	-	(478)	(128,365)
At 31 December 2020	<u>928,134</u>	<u>1,352,619</u>	<u>394,610</u>	<u>1,497,555</u>	<u>4,172,918</u>
Net book value					
At 31 December 2020	<u>306,800</u>	<u>321,023</u>	<u>68,698</u>	<u>290,480</u>	<u>987,001</u>
At 31 December 2019	<u>224,914</u>	<u>464,751</u>	<u>34,056</u>	<u>593,141</u>	<u>1,316,862</u>

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

	2020 £	2019 £
Video units and studio equipment	-	43,077
Motor vehicles	341,886	461,948
	<u>341,886</u>	<u>505,025</u>

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Tangible fixed assets (continued)

The depreciation charge in respect of such assets amounted to £286,710 (2019: £312,063) for the year.

16. Fixed asset investments

Group

	Unlisted investments £	Investment in joint ventures £	Total £
Cost			
At 1 January 2020	74,826	54,761	129,587
Share of profit/(loss)	-	36,066	36,066
At 31 December 2020	<u>74,826</u>	<u>90,827</u>	<u>165,653</u>

Company

	Investments in subsidiary companies £	Unlisted investments £	Investment in joint ventures £	Total £
Cost				
At 1 January 2020	26,479	74,826	15,000	116,305
Disposals	(5)	-	-	(5)
At 31 December 2020	<u>26,474</u>	<u>74,826</u>	<u>15,000</u>	<u>116,300</u>

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
JML Central Europe GmbH	Congruentia Knapp GbR Steuerberater Rheinstraße 3 63225 Langen	Ordinary	100%
JML Direct Limited	610 Chiswick High Road Chiswick Green London W4 5RU	Ordinary	99%
JML GmbH	Congruentia Knapp GbR Steuerberater Rheinstraße 3 63225 Langen	Ordinary	100%
JML Hong Kong Limited	26th Floor Three Exchange Square 8 Connaught Place Central Hong Kong	Ordinary	100%
JML Media Limited	610 Chiswick High Road Chiswick Green London W4 5RU	Ordinary	100%
JML USA Inc	18000 Studebaker Road Suite 700 Cerritos CA 90 703	Ordinary	100%
JML America LLC	18000 Studebaker Rd Suite 700 Cerritos CA 90703	Ordinary	100%

Joint ventures

The following were joint ventures of the Company:

Name	Registered office	Holding
DeVancer Limited	Unit 13 Warsop, Enterprise Centre, Warsop, Mansfield, Nottinghamshire, NG20 0AF	50%
Medicap Nutrition UK Limited	610 Chiswick High Road Chiswick Green London W4 5RU	50%

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Goods for resale	7,248,330	6,233,449	7,248,330	6,233,449
	<u>7,248,330</u>	<u>6,233,449</u>	<u>7,248,330</u>	<u>6,233,449</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due after more than one year				
Amounts owed by group undertakings	-	-	1,937,214	-
Due from participating interests	242,741	256,423	242,741	256,423
Prepayments and accrued income	446,307	658,422	446,307	658,422
Deferred tax asset (note 25)	35,388	35,388	35,388	35,388
	<u>724,436</u>	<u>950,233</u>	<u>2,661,650</u>	<u>950,233</u>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due within one year				
Trade debtors	12,392,215	14,748,845	12,355,790	14,597,514
Amounts owed by group undertakings	-	-	403,406	2,922,232
Amounts owed by joint ventures and associated undertakings	249,971	-	249,971	-
Other debtors	3,115,063	2,679,416	2,646,839	2,354,464
Prepayments and accrued income	829,570	735,778	815,736	721,944
Tax recoverable	42,805	-	42,805	-
	<u>16,629,624</u>	<u>18,164,039</u>	<u>16,514,547</u>	<u>20,596,154</u>

Amounts owed by group undertakings are interest free, have no fixed repayment date and are repayable on demand.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	2,417,154	643,802	2,211,573	425,886
Less: bank overdrafts	(5,305,891)	(8,819,244)	(5,305,891)	(8,819,244)
	<u>(2,888,737)</u>	<u>(8,175,442)</u>	<u>(3,094,318)</u>	<u>(8,393,358)</u>

20. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts	5,305,891	8,819,244	5,305,891	8,819,244
Trade creditors	4,029,717	3,916,461	4,026,118	3,914,571
Corporation tax	575,018	-	575,018	-
Other taxation and social security	1,035,285	1,553,966	1,023,802	1,544,864
Obligations under finance lease and hire purchase contracts	190,444	491,174	190,444	491,174
Other creditors	927,096	265,144	870,209	249,403
Accruals and deferred income	1,951,552	1,069,138	1,946,302	1,065,139
	<u>14,015,003</u>	<u>16,115,127</u>	<u>13,937,784</u>	<u>16,084,395</u>

The bank overdrafts represent an asset-based lending facility provided by the company's bankers and are secured by way of a fixed and floating charge over all group assets and by way of a cross guarantee to which JML Media Limited and JML Direct Limited are party.

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Other loans	1,609,765	1,898,591	1,609,765	1,898,591
Net obligations under finance leases and hire purchase contracts	138,955	269,737	138,955	269,737
	<u>1,748,720</u>	<u>2,168,328</u>	<u>1,748,720</u>	<u>2,168,328</u>

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. Loans

Other loans represent amounts advanced by a director shareholder and are secured by way of a legal charge over the assets of the company. Interest is payable at 5% per annum.

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due after one year				
Other loans	1,609,765	1,898,591	1,609,765	1,898,591
	<u>1,609,765</u>	<u>1,898,591</u>	<u>1,609,765</u>	<u>1,898,591</u>

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Within one year	190,444	491,174	190,444	491,174
Between 1-5 years	138,955	269,737	138,955	269,737
	<u>329,399</u>	<u>760,911</u>	<u>329,399</u>	<u>760,911</u>

The finance leases relate to video units, studio equipment and motor vehicles. The remaining lease terms are up to 36 months.

24. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets measured at fair value through profit or loss	59,785	10,027	59,785	10,027

Financial assets measured at fair value through profit or loss comprise of hedging derivatives.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. Deferred taxation

Group

	2020 £
At beginning of year	35,388
Charged to profit or loss	-
At end of year	35,388

Company

	2020 £
At beginning of year	35,388
Charged to profit or loss	-
At end of year	35,388

The deferred tax asset is made up as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	35,388	35,388	35,388	35,388
	35,388	35,388	35,388	35,388

26. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
4,508,490 (2019 - 4,508,490) Ordinary shares of £0.100000 each	450,849	450,849
1,169,600 (2019 - 1,169,600) Ordinary 'A' shares of £0.001000 each	1,170	1,170
170,000 (2019 - 170,000) Ordinary 'B' shares of £0.010000 each	1,700	1,700
	453,719	453,719

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

26. Share capital (continued)

The holders of all shares have the right to receive notice of and to attend, speak and vote at all general meetings of the company and to receive and vote on proposed written resolutions of the company.

One or more classes of shares, to the exclusion of the other classes or in respect of all classes of shares are entitled to dividend, by ordinary resolution.

27. Reserves

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve arising from the redemption or purchase of the company's own shares.

Foreign exchange reserve

The foreign exchange reserve is a non-distributable reserve arising on the translation of foreign subsidiary balances during consolidation.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

28. Analysis of net debt

	At 1 January 2020 £	Cash flows £	New finance leases £	At 31 December 2020 £
Cash at bank and in hand	643,802	1,773,352	-	2,417,154
Bank overdrafts	(8,819,244)	3,513,353	-	(5,305,891)
Debt due after 1 year	(1,898,591)	288,826	-	(1,609,765)
Finance leases	(760,911)	512,701	(81,189)	(329,399)
	<u>(10,834,944)</u>	<u>6,088,232</u>	<u>(81,189)</u>	<u>(4,827,901)</u>

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

29. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	547,140	547,140	547,140	547,140
Later than 1 year and not later than 5 years	2,217,393	2,217,393	2,217,393	2,217,393
Later than 5 years	895,963	1,450,311	895,963	1,450,311
	<u>3,660,496</u>	<u>4,214,844</u>	<u>3,660,496</u>	<u>4,214,844</u>

30. Directors' personal guarantees

A director has provided a personal guarantee to a maximum of £1,000,000 for a borrowing facility within the group. During the year, the director received 2% of the facility limit amounting to £20,000 (2019: £18,333).

31. Related party transactions

The company has taken advantage of the exemption available in FRS102 Section 33.1A "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

The amount due to a director and shareholder of the company, at the year end was £1,609,765 (2019: £1,898,591). The loan is secured and interest of £83,546 (2019: £93,204), charged at a market rate, was payable on this loan for the year. The loan is not due for repayment within 1 year.

Note 30 gives details of a personal guarantee provided by a director for a borrowing facility within the group.

At the year end, the company was owed £492,712 (2019: £252,015) by companies in which John Mills Limited has a non-controlling interest. The loans are provided interest free, unsecured and are repayable on demand.

At the year end, the company was owed £45,000 (2019: £45,000) by directors of companies in which John Mills Limited has a non-controlling interest.

At the year end, the company owed £58,498 (2019: £62,905) to companies in which John Mills Limited has a non-controlling interest. The loans are provided interest free and is unsecured. There are no formal terms and conditions regarding repayment of the loan.

32. Directors' transactions

Dividends totalling £Nil (2019: £402,014) were paid in the year in respect of shares held by the company's directors.

JOHN MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

33. Post balance sheet events

After the reporting period, there was a cancellation of 186,860 company shares with a nominal value of £18,686. The cancellation was made at par value.

34. Ultimate controlling party

The company is controlled by J A D Mills, a director of the company, by virtue of his shareholding.