

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021
FOR
HOLMES HALLS (PROCESSORS) LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

| | Page |
|---|-------------|
| Company Information | 1 |
| Strategic Report | 2 |
| Report of the Directors | 3 |
| Report of the Independent Auditors | 5 |
| Income Statement | 9 |
| Other Comprehensive Income | 10 |
| Balance Sheet | 11 |
| Statement of Changes in Equity | 12 |
| Cash Flow Statement | 13 |
| Notes to the Cash Flow Statement | 14 |
| Notes to the Financial Statements | 16 |

HOLMES HALLS (PROCESSORS) LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

DIRECTORS:

H Johnson
P E Crossley
S Breen
P M Walsh

REGISTERED OFFICE:

Sculcoates Tannery
Sculcoates
Hull
East Yorkshire
HU5 1RL

REGISTERED NUMBER:

04206555 (England and Wales)

AUDITORS:

Brosnans
Chartered Accountants
and Statutory Auditors
Birkby House
Bailiff Bridge
Brighouse
West Yorkshire
HD6 4JJ

**STRATEGIC REPORT
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

The directors present their strategic report for the period 26 October 2020 to 31 December 2021.

REVIEW OF BUSINESS

The company continues its principal activity of processing raw animal hide to the wetblue stage.

The directors are pleased to report that turnover for the 14 month period was £9,390,257, demonstrating a 25.4% increase (pro-rated) against the previous year. The main reason for this being a fast recovery from disruption caused by the Covid-19 pandemic. The increased turnover has allowed the business to declare a Profit before Tax of £46,180.

On 1 March 2021 the business underwent a change of ownership which provides long term stability alongside plans for significant development in the infrastructure. The order pipeline for 2022 is strong and despite high inflationary pressures in energy and raw material costs the directors are confident in the continued success and development of the company.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk management objectives and policies

The company operates in the UK market and overseas mainly exporting to Italy. The company seeks to mitigate exposure to all forms of risk both internal and external.

Foreign exchange

To reduce foreign exchange risk all sales are now denominated in sterling. An element of purchases are sourced from the EU and where considered necessary, the company may choose to forward cover those purchases.

Credit risk

The company sells to customers in the UK and Italy. All sales are credit insured.

Health and safety and environmental risk

The company takes these responsibilities very seriously and employs specialist managers to manage these aspects of operations. A significant investment is currently being made to upgrade our effluent treatment capabilities and we are constantly looking at alternatives to landfill for our waste streams

Employees

The average number of employees throughout the year was 42.

The business is exposed to the general shortage of labour as the economy emerges from the Covid-19 pandemic. This will become more relevant as we seek to grow in the coming years. In order to mitigate this we are reviewing our remuneration policy and seeking to improve the general working environment. The company continues to be an Equal Opportunities Employer. In employment related decisions the company complies with anti discrimination requirements concerning matters of race, colour, national origin, marital status, sexual orientation, religious belief, age and physical or mental ability. Disabled people are given full and equal consideration for employment.

ON BEHALF OF THE BOARD:

P E Crossley - Director

18 March 2022

**REPORT OF THE DIRECTORS
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

The directors present their report with the financial statements of the company for the period 26 October 2020 to 31 December 2021.

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2021.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 26 October 2020 to the date of this report.

H Johnson
P E Crossley

Other changes in directors holding office are as follows:

J Woodward - resigned 1 March 2021
Mrs J E Platt - resigned 1 March 2021
Miss S A Ward - resigned 1 March 2021
R A Brady - resigned 1 March 2021
S Breen - appointed 1 March 2021
P M Walsh - appointed 1 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Brosnans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

P E Crossley - Director

18 March 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOLMES HALLS (PROCESSORS) LIMITED

Opinion

We have audited the financial statements of Holmes Halls (Processors) Limited (the 'company') for the period ended 31 December 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the period 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOLMES HALLS (PROCESSORS) LIMITED**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOLMES HALLS (PROCESSORS) LIMITED

Auditors' 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 a Report of the Auditors 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:

Audit response to risks identified

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- obtaining an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of provisions and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOLMES HALLS (PROCESSORS) 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 a Report of the Auditors 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.

Adam John Brosnan (Senior Statutory Auditor)
for and on behalf of Brosnans
Chartered Accountants
and Statutory Auditors
Birkby House
Bailiff Bridge
Brighouse
West Yorkshire
HD6 4JJ

18 March 2022

HOLMES HALLS (PROCESSORS) LIMITED (REGISTERED NUMBER: 04206555)

**INCOME STATEMENT
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

| | | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|---|-------|---|-----------------------------|
| | Notes | | |
| TURNOVER | 3 | 9,390,257 | 6,420,114 |
| Cost of sales | | <u>(8,623,238)</u> | <u>(6,078,940)</u> |
| GROSS PROFIT | | 767,019 | 341,174 |
| Administrative expenses | | <u>(1,149,809)</u> | <u>(870,201)</u> |
| | | (382,790) | (529,027) |
| Other operating income | | <u>478,782</u> | <u>63,355</u> |
| OPERATING PROFIT/(LOSS) | 5 | 95,992 | (465,672) |
| Interest receivable and similar income | | <u>6</u> | <u>81</u> |
| | | 95,998 | (465,591) |
| Interest payable and similar expenses | 6 | <u>(49,818)</u> | <u>(38,515)</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | 46,180 | (504,106) |
| Tax on profit/(loss) | 7 | <u>114,239</u> | <u>94,536</u> |
| PROFIT/(LOSS) FOR THE FINANCIAL PERIOD | | <u>160,419</u> | <u>(409,570)</u> |

The notes form part of these financial statements

HOLMES HALLS (PROCESSORS) LIMITED (REGISTERED NUMBER: 04206555)

**OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

| | Notes | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|--|-------|---|-----------------------------|
| PROFIT/(LOSS) FOR THE PERIOD | | 160,419 | (409,570) |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | <u>160,419</u> | <u>(409,570)</u> |

The notes form part of these financial statements

HOLMES HALLS (PROCESSORS) LIMITED (REGISTERED NUMBER: 04206555)

**BALANCE SHEET
31 DECEMBER 2021**

| | Notes | 2021 £ | 2020 £ |
|--|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 3,718,059 | 2,501,510 |
| CURRENT ASSETS | | | |
| Stocks | 9 | 457,283 | 423,872 |
| Debtors | 10 | 1,438,145 | 1,074,560 |
| Cash at bank and in hand | | <u>674,331</u> | <u>481,701</u> |
| | | 2,569,759 | 1,980,133 |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | <u>(1,735,016)</u> | <u>(831,647)</u> |
| NET CURRENT ASSETS | | <u>834,743</u> | <u>1,148,486</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>4,552,802</u> | <u>3,649,996</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 12 | (3,169,101) | (2,399,490) |
| PROVISIONS FOR LIABILITIES | 16 | <u>-</u> | <u>(27,224)</u> |
| NET ASSETS | | <u><u>1,383,701</u></u> | <u><u>1,223,282</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 500,000 | 500,000 |
| Share premium | 18 | 250,000 | 250,000 |
| Capital redemption reserve | 18 | 100,000 | 100,000 |
| Retained earnings | 18 | <u>533,701</u> | <u>373,282</u> |
| SHAREHOLDERS' FUNDS | | <u><u>1,383,701</u></u> | <u><u>1,223,282</u></u> |

The financial statements were approved by the Board of Directors and authorised for issue on 18 March 2022 and were signed on its behalf by:

P E Crossley - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

| | Called up share capital £ | Retained earnings £ | Share premium £ | Capital redemption reserve £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|-----------------------|---------------------------------------|----------------------|
| Balance at 26 October 2019 | 500,000 | 782,852 | 250,000 | 100,000 | 1,632,852 |
| Changes in equity | | | | | |
| Total comprehensive income | - | (409,570) | - | - | (409,570) |
| Balance at 25 October 2020 | 500,000 | 373,282 | 250,000 | 100,000 | 1,223,282 |
| Changes in equity | | | | | |
| Total comprehensive income | - | 160,419 | - | - | 160,419 |
| Balance at 31 December 2021 | 500,000 | 533,701 | 250,000 | 100,000 | 1,383,701 |

The notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

| | Notes | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|---|-------|---|-----------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 1,032,091 | (680,294) |
| Interest paid | | (49,818) | (38,515) |
| Tax paid | | 16,922 | - |
| Net cash from operating activities | | <u>999,195</u> | <u>(718,809)</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (1,565,173) | (383,937) |
| Sale of tangible fixed assets | | 1,500 | - |
| Interest received | | 6 | 81 |
| Net cash from investing activities | | <u>(1,563,667)</u> | <u>(383,856)</u> |
| Cash flows from financing activities | | | |
| New loans in year | | 1,670,000 | 1,315,750 |
| Loan repayments in year | | (912,898) | (13,236) |
| Net cash from financing activities | | <u>757,102</u> | <u>1,302,514</u> |
| Increase in cash and cash equivalents | | <u>192,630</u> | <u>199,849</u> |
| Cash and cash equivalents at beginning of period | 2 | 481,701 | 281,852 |
| Cash and cash equivalents at end of period | 2 | <u>674,331</u> | <u>481,701</u> |

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|--|---|-----------------------------|
| Profit/(loss) before taxation | 46,180 | (504,106) |
| Depreciation charges | 332,998 | 247,672 |
| Loss on disposal of fixed assets | 14,126 | 9,331 |
| Finance costs | 49,818 | 38,515 |
| Finance income | (6) | (81) |
| | <u>443,116</u> | <u>(208,669)</u> |
| (Increase)/decrease in stocks | (33,411) | 222,845 |
| (Increase)/decrease in trade and other debtors | (293,492) | 40,894 |
| Increase/(decrease) in trade and other creditors | <u>915,878</u> | <u>(735,364)</u> |
| Cash generated from operations | <u>1,032,091</u> | <u>(680,294)</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2021

| | 31.12.21 £ | 26.10.20 £ |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | <u>674,331</u> | <u>481,701</u> |

Year ended 25 October 2020

| | 25.10.20 £ | 26.10.19 £ |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | <u>481,701</u> | <u>281,852</u> |

NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 26.10.20 £ | Cash flow £ | At 31.12.21 £ |
|---------------------------------|--------------------|------------------|--------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>481,701</u> | <u>192,630</u> | <u>674,331</u> |
| | <u>481,701</u> | <u>192,630</u> | <u>674,331</u> |
| Debt | | | |
| Debts falling due within 1 year | (113,024) | 12,509 | (100,515) |
| Debts falling due after 1 year | <u>(2,399,490)</u> | <u>(769,611)</u> | <u>(3,169,101)</u> |
| | <u>(2,512,514)</u> | <u>(757,102)</u> | <u>(3,269,616)</u> |
| Total | <u>(2,030,813)</u> | <u>(564,472)</u> | <u>(2,595,285)</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

1. STATUTORY INFORMATION

Holmes Halls (Processors) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

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

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has extended the accounting period to 31 December 2021 in order to align with the accounting period of other group components.

TURNOVER

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

| | |
|---------------------|-------------------------------|
| Freehold property | - 2% on cost |
| Plant and machinery | - 25% on cost and 10% on cost |
| Motor vehicles | - 25% on cost |
| Computer equipment | - 25% on cost |

Land has not been depreciated.

STOCKS

Stocks are valued at the lower of average cost and estimated net realisable value. Cost comprises direct materials and labour costs together with the relevant factory overheads on the basis of normal activity levels.

TAXATION

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

DEFERRED TAX

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

HIRE PURCHASE AND LEASING COMMITMENTS

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

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company contributes to personal pension schemes individual to the employees and the pension charge represents the amount payable by the company to these schemes in respect of the year. Pension contributions outstanding at the year end were £nil (2020 - £2,421).

3. TURNOVER

The turnover and profit (2020 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

| | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|-------------------|---|-----------------------------|
| United Kingdom | 8,357,575 | 4,794,398 |
| Europe | 1,028,942 | 1,567,326 |
| Rest of the world | 3,740 | 58,390 |
| | <u>9,390,257</u> | <u>6,420,114</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

4. EMPLOYEES AND DIRECTORS

| | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|-----------------------|---|-----------------------------|
| Wages and salaries | 1,407,931 | 1,071,562 |
| Social security costs | 129,138 | 90,584 |
| Other pension costs | 44,551 | 39,175 |
| | <u>1,581,620</u> | <u>1,201,321</u> |

The average number of employees during the period was as follows:

| | Period 26.10.20 to 31.12.21 | Year ended 25.10.20 |
|-------------------------------|--------------------------------------|------------------------|
| Management and administration | 4 | 4 |
| Production | 5 | 4 |
| Works | 33 | 34 |
| | <u>42</u> | <u>42</u> |

| | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|--|---|-----------------------------|
| Directors' remuneration | 98,168 | 99,212 |
| Directors' pension contributions to money purchase schemes | <u>11,289</u> | <u>12,334</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>1</u> | <u>1</u> |
|------------------------|----------|----------|

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

5. OPERATING PROFIT/(LOSS)

The operating profit (2020 - operating loss) is stated after charging:

| | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|----------------------------------|---|-----------------------------|
| Hire of plant and machinery | 96,526 | 63,931 |
| Depreciation - owned assets | 332,998 | 247,672 |
| Loss on disposal of fixed assets | 14,126 | 9,331 |
| Auditors' remuneration | <u>9,163</u> | <u>8,453</u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|--------------------------------|---|-----------------------------|
| Bank interest | - | 18 |
| Bank loan interest and charges | <u>49,818</u> | <u>38,497</u> |
| | <u>49,818</u> | <u>38,515</u> |

7. TAXATION

Analysis of the tax credit

The tax credit on the profit for the period was as follows:

| | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|----------------------|---|-----------------------------|
| Deferred tax | <u>(114,239)</u> | <u>(94,536)</u> |
| Tax on profit/(loss) | <u>(114,239)</u> | <u>(94,536)</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

7. TAXATION - continued

RECONCILIATION OF TOTAL TAX CREDIT INCLUDED IN PROFIT AND LOSS

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | Period 26.10.20 to 31.12.21 £ | Year ended 25.10.20 £ |
|--|---|-----------------------------|
| Profit/(loss) before tax | <u>46,180</u> | <u>(504,106)</u> |
| Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%) | 8,774 | (95,780) |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | (780) |
| Capital allowances in excess of depreciation | (305,895) | (45,747) |
| Deferred tax (charge)/credit | (114,239) | (94,536) |
| Tax losses carried forward | 342,721 | 142,307 |
| Loan waiver of controlling party | (45,600) | - |
| Total tax credit | <u>(114,239)</u> | <u>(94,536)</u> |

8. TANGIBLE FIXED ASSETS

| | Freehold property £ | Plant and machinery £ | Motor vehicles £ | Computer equipment £ | Totals £ |
|------------------------|---------------------------|-----------------------------|------------------------|----------------------------|------------------|
| COST | | | | | |
| At 26 October 2020 | 1,090,701 | 3,146,798 | 15,500 | 6,010 | 4,259,009 |
| Additions | 23,600 | 1,541,573 | - | - | 1,565,173 |
| Disposals | - | (19,135) | - | - | (19,135) |
| At 31 December 2021 | <u>1,114,301</u> | <u>4,669,236</u> | <u>15,500</u> | <u>6,010</u> | <u>5,805,047</u> |
| DEPRECIATION | | | | | |
| At 26 October 2020 | 72,596 | 1,676,602 | 3,875 | 4,426 | 1,757,499 |
| Charge for period | 12,741 | 314,733 | 4,520 | 1,004 | 332,998 |
| Eliminated on disposal | - | (3,509) | - | - | (3,509) |
| At 31 December 2021 | <u>85,337</u> | <u>1,987,826</u> | <u>8,395</u> | <u>5,430</u> | <u>2,086,988</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2021 | <u>1,028,964</u> | <u>2,681,410</u> | <u>7,105</u> | <u>580</u> | <u>3,718,059</u> |
| At 25 October 2020 | <u>1,018,105</u> | <u>1,470,196</u> | <u>11,625</u> | <u>1,584</u> | <u>2,501,510</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

8. **TANGIBLE FIXED ASSETS - continued**

Included in cost of land and buildings is freehold land of £ 558,131 (2020 - £ 558,131) which is not depreciated.

9. **STOCKS**

| | 2021 | 2020 |
|---------------|----------------|----------------|
| | £ | £ |
| Raw materials | <u>457,283</u> | <u>423,872</u> |

Stock recognised as cost of sales in the year amounted to £4,863,386 (2020 - £3,331,561).

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2021 | 2020 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 1,237,174 | 870,744 |
| Other debtors | - | 38,361 |
| Tax | - | 16,922 |
| Deferred tax asset | 87,015 | - |
| Prepayments and accrued income | <u>113,956</u> | <u>148,533</u> |
| | <u>1,438,145</u> | <u>1,074,560</u> |

11. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2021 | 2020 |
|---|------------------|----------------|
| | £ | £ |
| Bank loans and overdrafts (see note 13) | 100,515 | 113,024 |
| Trade creditors | 1,353,140 | 383,542 |
| Social security and other taxes | 37,786 | 20,630 |
| VAT | 13,637 | 4,004 |
| Other creditors | 61,072 | 82,303 |
| Wages control | 12,602 | 9,928 |
| Accrued expenses | <u>156,264</u> | <u>218,216</u> |
| | <u>1,735,016</u> | <u>831,647</u> |

12. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

| | 2021 | 2020 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Bank loans (see note 13) | 1,109,101 | 1,189,490 |
| Other loans (see note 13) | <u>2,060,000</u> | <u>1,210,000</u> |
| | <u>3,169,101</u> | <u>2,399,490</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

13. **LOANS**

An analysis of the maturity of loans is given below:

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>100,515</u> | <u>113,024</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | 100,515 | 113,024 |
| Other loans | <u>2,060,000</u> | <u>1,210,000</u> |
| | <u>2,160,515</u> | <u>1,323,024</u> |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | <u>272,378</u> | <u>354,223</u> |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Bank loans more 5 yr by instal | <u>736,208</u> | <u>722,243</u> |

14. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2021 £ | 2020 £ |
|-----------------|-----------|---------------|
| Within one year | <u>-</u> | <u>20,017</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

15. SECURED DEBTS

The following secured debts are included within creditors:

| | 2021 | 2020 |
|-------------|------------------|------------------|
| | £ | £ |
| Bank loans | 1,209,616 | 1,302,514 |
| Other loans | - | 420,000 |
| | <u>1,209,616</u> | <u>1,722,514</u> |

The company has a CIBL bank loan of £250,000. The balance of this loan at 31 December 2021 was £220,833. The loan is repayable by instalments and the interest rate is 3.15% above base rate.

The company has a mortgage from the bank of £1,065,750. The balance of this mortgage at 31 December 2021 was £988,373. The mortgage is repayable by instalments and the interest rate is 3.71% above base rate.

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

16. PROVISIONS FOR LIABILITIES

| | 2020 |
|--------------------------------|------------------|
| | £ |
| Deferred tax | <u>27,224</u> |
| | Deferred tax |
| | £ |
| Balance at 26 October 2020 | 27,224 |
| Accelerated capital allowances | 228,482 |
| Increase in tax losses | <u>(342,721)</u> |
| Balance at 31 December 2021 | <u>(87,015)</u> |

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2021 | 2020 |
|---------|----------|----------------|----------------|----------------|
| | | | £ | £ |
| 500,000 | Ordinary | 1 | <u>500,000</u> | <u>500,000</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021

18. RESERVES

| | Retained earnings £ | Share premium £ | Capital redemption reserve £ | Totals £ |
|-----------------------|---------------------------|-----------------------|---------------------------------------|----------------|
| At 26 October 2020 | 373,282 | 250,000 | 100,000 | 723,282 |
| Profit for the period | <u>160,419</u> | | | <u>160,419</u> |
| At 31 December 2021 | <u>533,701</u> | <u>250,000</u> | <u>100,000</u> | <u>883,701</u> |

19. PENSION COMMITMENTS

The company contributes to personal pension schemes individual to the employees and the pension charge represents the amount payable by the company to these schemes in respect of the year. Pension contributions during the year amounted to £44,551 (2020 - £39,175). Pension contributions outstanding at the year end were £nil (2020 - £2,421).

20. ULTIMATE PARENT COMPANY

QDB Holdings IOM Unlimited (incorporated in Isle of Man) is regarded by the directors as being the company's ultimate parent company.

21. CAPITAL COMMITMENTS

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Contracted but not provided for in the financial statements | <u>454,000</u> | <u>270,000</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 26 OCTOBER 2020 TO 31 DECEMBER 2021**

22. RELATED PARTY DISCLOSURES

Included in trade debtors and trade creditors are the following related party balances detailed together with associated sales and purchase transactions.

| Year ended 25 October 2020 | Sales | Debtors | Purchases | Creditor |
|-------------------------------|-----------|---------|-----------|----------|
| Adelaide S.P.A (UK) Limited | 3,369,800 | 300,754 | 156,022 | 83,016 |
| Period ended 31 December 2021 | | | | |
| Dawn Holdings Limited | 156,342 | 65,528 | 1,551,632 | 221,492 |
| Adelaide S.P.A. (UK) Limited | 7,404,402 | 939,042 | 670,830 | 181,728 |

All transactions have been conducted under the company's normal terms and conditions.

Mr Howard Johnson, a director, was also a director of Adelaide SPA (UK) Limited.

The company has a loan which is due in more than one year of £490,000 (2020 - £650,000) from Adelaide S.P.A (UK) Limited. The loan bears no interest and has no fixed repayment date. During the year, Adelaide S.P.A. (UK) Limited waived £160,000 of the loan.

The company has a loan which is due in more than one year of £930,000 (2020 - £140,000) from Dawn Holdings Limited. The loan bears no interest and has no fixed repayment date. During the year, Dawn Holdings Limited waived £240,000 of the loan.

23. POST BALANCE SHEET EVENTS

The company received additional loans from it's shareholders to fund the final stages of it's plant investment of £500,000 after the year end.

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Dawn Holdings Limited.

25. GOVERNMENT GRANTS

The company received grants in relation to property improvements and plant additions in 2018 and 2019 of £64,177. There are no unfilled conditions relating to the grants.

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.