

Powerplay Brands Limited Group
Financial Statements
31 March 2022



EDWARDS VEEDER (UK) LIMITED
Chartered accountants & statutory auditor
4 Broadgate
Broadway Business Park
Chadderton
Oldham
OL9 9XA

Powerplay Brands Limited Group

Financial Statements

Year ended 31 March 2022

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Powerplay Brands Limited Group

Officers and Professional Advisers

The board of directors

M.R. Samuels
T.E. Roberts
J. Williams
L.J. Dear
D.A.L. Gray
K. Boswell
N.D. Darbyshire

Company secretary

T.E. Roberts

Registered office

Grape Mill
New Coin Street
Royton
Oldham
OL2 6JZ

Auditor

Edwards Veeder (UK) Limited
Chartered accountants & statutory auditor
4 Broadgate
Broadway Business Park
Chadderton
Oldham
OL9 9XA

Bankers

HSBC Bank PLC
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Powerplay Brands Limited Group

Strategic Report

Year ended 31 March 2022

Principal activities and business review

The principal activity of the group and company during the year was the import and subsequent wholesale and retail sale of under garments, socks and nightwear.

The Directors are delighted to report a 41% increase in turnover to £29,396,919. Gross profit rate has slightly decreased to 34.5% from 34.9%. After expenses and finance charges, profits after tax have increased by 20% to £2,671,432.

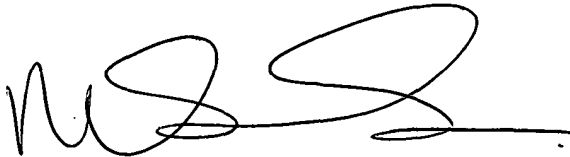
After dividends of £1,200,000 were paid, net assets increased by 32% to £6,040,207.

The directors are confident of another successful year ahead.

Financial risk management objectives and policies

- a) Economic risk
The company imports all stock from the Far East; therefore, continuing good relations with suppliers in addition to prompt shipping of stock is an important KPI for the group and company.
- b) Liquidity and cash flow risk
The objective of the company is to maintain a balance between continuity of funding and flexibility by the use of invoice discounting and import loans.
- c) Foreign currency risk
The objective of the company is to minimise exposure to exchange rate movement through the use of forward contracts where appropriate.

This report was approved by the board of directors on 8/11/2022 and signed on behalf of the board by:



M.R. Samuels
Director

Registered office:
Grape Mill
New Coin Street
Royton
Oldham
OL2 6JZ

Powerplay Brands Limited Group

Directors' Report

Year ended 31 March 2022

The directors present their report and the financial statements of the group for the year ended 31 March 2022.

Directors

The directors who served the company during the year were as follows:

M.R. Samuels

T.E. Roberts

J. Williams

L.J. Dear

D.A.L. Gray

K. Boswell

N.D. Darbyshire

(Resigned 05 May 2022)

(Appointed 14 February 2022)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has chosen to include the strategic report information as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The information in this report covers the Business Review and Financial Risk Management and Objectives.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

Powerplay Brands Limited Group

Directors' Report *(continued)*

Year ended 31 March 2022

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 8/11/2022 and signed on behalf of the board by:



M.R. Samuels
Director

Registered office:
Grape Mill
New Coin Street
Royton
Oldham
OL2 6JZ

Powerplay Brands Limited Group

Independent Auditor's Report to the Member of Powerplay Brands Limited Group

Year ended 31 March 2022

Opinion

We have audited the financial statements of Powerplay Brands Limited Group (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows 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 FRS 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 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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 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.

Powerplay Brands Limited Group

Independent Auditor's Report to the Member of Powerplay Brands Limited Group *(continued)*

Year ended 31 March 2022

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 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.

Powerplay Brands Limited Group

Independent Auditor's Report to the Member of Powerplay Brands Limited Group *(continued)*

Year ended 31 March 2022

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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:

- Enquiries with management, about any known or suspected instances of non-compliance with laws and regulations and fraud.
- Auditing the risk of management of override controls, including through testing journal entries and other adjustments for appropriateness.
- Challenging assumptions and judgments made by management in their significant accounting estimates, in particular in relation to provisions and future performance in light of the impact of COVID-19.

Because of the field in which the client operates, we identified that employment law, health and safety legislation and compliance with the UK Companies Act are most likely to have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there's an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK). For instance, the further removed non-compliances from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

Powerplay Brands Limited Group

Independent Auditor's Report to the Member of Powerplay Brands Limited Group *(continued)*

Year ended 31 March 2022

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Powerplay Brands Limited Group

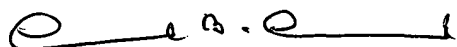
Independent Auditor's Report to the Member of Powerplay Brands Limited Group *(continued)*

Year ended 31 March 2022

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



8.11.2022

Esmond Edwards FCA (Senior Statutory Auditor)

For and on behalf of
Edwards Veeder (UK) Limited
Chartered accountants & statutory auditor
4 Broadgate
Broadway Business Park
Chadderton
Oldham
OL9 9XA

Powerplay Brands Limited Group
Consolidated Statement of Income and Retained Earnings
Year ended 31 March 2022

	Note	2022 £	2021 £
Turnover	4	29,396,919	20,914,459
Cost of sales		19,255,304	13,611,476
Gross profit		10,141,615	7,302,983
Distribution costs		2,528,977	1,595,590
Administrative expenses		4,246,120	3,089,146
Other operating income	5	—	149,910
Operating profit	6	3,366,518	2,768,157
Other interest receivable and similar income	10	—	125
Interest payable and similar expenses	11	66,610	31,042
Profit before taxation		3,299,908	2,737,240
Tax on profit	12	628,476	509,706
Profit for the financial year and total comprehensive income		<u>2,671,432</u>	<u>2,227,534</u>
Dividends paid and payable	13	(1,200,000)	(1,500,000)
Retained earnings at the start of the year		4,568,675	3,841,141
Retained earnings at the end of the year		<u>6,040,107</u>	<u>4,568,675</u>

All the activities of the group are from continuing operations.

The notes on pages 15 to 26 form part of these financial statements.

Powerplay Brands Limited Group
Company Statement of Income and Retained Earnings
Year ended 31 March 2022

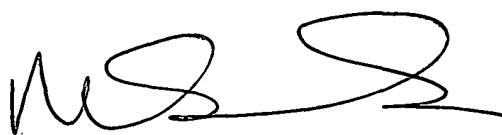
	Note	2022 £	2021 £
Profit for the financial year and total comprehensive income		2,690,858	2,227,534
Dividends paid and payable	13	(1,200,000)	(1,500,000)
Retained earnings at the start of the year		<u>4,568,675</u>	<u>3,841,141</u>
Retained earnings at the end of the year		<u><u>6,059,533</u></u>	<u><u>4,568,675</u></u>

The notes on pages 15 to 26 form part of these financial statements.

Powerplay Brands Limited Group
Consolidated Statement of Financial Position
31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	274,110	228,087
Current assets			
Stocks	16	6,849,446	3,024,135
Debtors	17	6,571,795	4,541,952
Cash at bank and in hand		595,331	662,792
		<u>14,016,572</u>	<u>8,228,879</u>
Creditors: amounts falling due within one year	18	<u>8,198,796</u>	<u>3,846,484</u>
Net current assets		<u>5,817,776</u>	<u>4,382,395</u>
Total assets less current liabilities		<u>6,091,886</u>	<u>4,610,482</u>
Provisions	19	<u>51,679</u>	<u>41,707</u>
Net assets		<u><u>6,040,207</u></u>	<u><u>4,568,775</u></u>
Capital and reserves			
Called up share capital	23	67	67
Capital redemption reserve	24	33	33
Profit and loss account	24	<u>6,040,107</u>	<u>4,568,675</u>
Shareholder funds		<u><u>6,040,207</u></u>	<u><u>4,568,775</u></u>

These financial statements were approved by the board of directors and authorised for issue on 8/11/2022, and are signed on behalf of the board by:


M.R. Samuels
Director

Company registration number: 06072257

The notes on pages 15 to 26 form part of these financial statements.

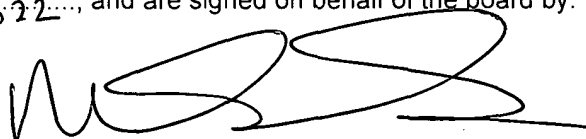
Powerplay Brands Limited Group
Company Statement of Financial Position

31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	274,110	228,087
Investments	15	86	86
		<u>274,196</u>	<u>228,173</u>
Current assets			
Stocks	16	6,849,446	3,024,135
Debtors	17	6,746,963	4,634,927
Cash at bank and in hand		404,499	568,350
		<u>14,000,908</u>	<u>8,227,412</u>
Creditors: amounts falling due within one year	18	<u>8,163,792</u>	<u>3,845,103</u>
Net current assets		<u>5,837,116</u>	<u>4,382,309</u>
Total assets less current liabilities		<u>6,111,312</u>	<u>4,610,482</u>
Provisions	19	<u>51,679</u>	<u>41,707</u>
Net assets		<u>6,059,633</u>	<u>4,568,775</u>
Capital and reserves			
Called up share capital	23	67	67
Capital redemption reserve	24	33	33
Profit and loss account	24	6,059,533	4,568,675
Shareholder funds		<u>6,059,633</u>	<u>4,568,775</u>

The profit for the financial year of the parent company was £2,690,858 (2021: £2,227,534).

These financial statements were approved by the board of directors and authorised for issue on 8/11/2022, and are signed on behalf of the board by:



M.R. Samuels
Director

Company registration number: 06072257

The notes on pages 15 to 26 form part of these financial statements.

Powerplay Brands Limited Group

Consolidated Statement of Cash Flows

Year ended 31 March 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	2,671,432	2,227,534
<i>Adjustments for:</i>		
Depreciation of tangible assets	98,864	61,463
Government grant income	–	(149,910)
Other interest receivable and similar income	–	(125)
Interest payable and similar expenses	66,610	31,042
Tax on profit	628,476	509,706
<i>Changes in:</i>		
Stocks	(3,825,311)	848,660
Trade and other debtors	(2,029,843)	420,944
Trade and other creditors	1,177,089	327,819
Cash generated from operations	(1,212,683)	4,277,133
Interest paid	(66,610)	(31,042)
Interest received	–	125
Tax paid	(602,770)	(84,436)
Net cash (used in)/from operating activities	(1,882,063)	4,161,780
Cash flows from investing activities		
Purchase of tangible assets	(144,887)	(195,514)
Net cash used in investing activities	(144,887)	(195,514)
Cash flows from financing activities		
Government grant income	–	149,910
Dividends paid	(1,200,000)	(1,500,000)
Import loans	1,797,342	(1,118,472)
Invoice discounting	1,362,147	(1,236,962)
Net cash from/(used in) financing activities	1,959,489	(3,705,524)
Net (decrease)/increase in cash and cash equivalents	(67,461)	260,742
Cash and cash equivalents at beginning of year	662,792	402,050
Cash and cash equivalents at end of year	595,331	662,792

The notes on pages 15 to 26 form part of these financial statements.

Powerplay Brands Limited Group

Notes to the Financial Statements

Year ended 31 March 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Grape Mill, New Coin Street, Royton, Oldham, OL2 6JZ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Powerplay Brands Limited Group and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

There are no judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. There are no key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Short leasehold property	- 20% - 40% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 33% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Powerplay Brands Limited Group
Notes to the Financial Statements *(continued)*
Year ended 31 March 2022

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	29,396,919	20,914,459

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2022	2021
	£	£
United Kingdom	19,433,249	12,346,470
Overseas	9,963,670	8,567,989
	<u>29,396,919</u>	<u>20,914,459</u>

5. Other operating income

	2022	2021
	£	£
Government grant income	—	149,910

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	98,864	61,463
Impairment of trade debtors	(24,806)	30,096
Foreign exchange differences	<u>(57,148)</u>	<u>(388,916)</u>

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>13,000</u>	<u>9,950</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Total staff	<u>58</u>	<u>56</u>

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

8. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	2,641,224	1,997,955
Social security costs	276,506	227,731
Other pension costs	105,815	108,824
	<u>3,023,545</u>	<u>2,334,510</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	1,079,831	806,014
Company contributions to defined contribution pension plans	67,995	79,223
	<u>1,147,826</u>	<u>885,237</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022	2021
	£	£
Aggregate remuneration	246,525	174,953
Company contributions to defined contribution pension plans	19,485	36,313
	<u>266,010</u>	<u>211,266</u>

10. Other interest receivable and similar income

	2022	2021
	£	£
Interest on cash and cash equivalents	—	125

11. Interest payable and similar expenses

	2022	2021
	£	£
Interest on banks loans and overdrafts	41,714	23,582
Other interest payable and similar charges	24,896	7,460
	<u>66,610</u>	<u>31,042</u>

12. Tax on profit

Major components of tax expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	618,504	485,269

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

12. Tax on profit *(continued)*

	2022 £	2021 £
Deferred tax:		
Origination and reversal of timing differences	9,972	24,437
Tax on profit	<u>628,476</u>	<u>509,706</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	3,299,908	2,737,240
Profit on ordinary activities by rate of tax	626,983	520,076
Effect of expenses not deductible for tax purposes	1,606	(10,450)
Effect of capital allowances and depreciation	(13,776)	(24,357)
Unused tax losses	3,691	–
Deferred tax movement	9,972	24,437
Tax on profit	<u>628,476</u>	<u>509,706</u>

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2022 £	2021 £
Equity dividends on ordinary shares	<u>1,200,000</u>	<u>1,500,000</u>

14. Tangible assets

Group and company

	Short leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 April 2021	215,674	42,290	188,998	446,962
Additions	33,471	17,194	94,222	144,887
At 31 March 2022	<u>249,145</u>	<u>59,484</u>	<u>283,220</u>	<u>591,849</u>
Depreciation				
At 1 April 2021	48,640	21,323	148,912	218,875
Charge for the year	54,015	8,185	36,664	98,864
At 31 March 2022	<u>102,655</u>	<u>29,508</u>	<u>185,576</u>	<u>317,739</u>
Carrying amount				
At 31 March 2022	<u>146,490</u>	<u>29,976</u>	<u>97,644</u>	<u>274,110</u>
At 31 March 2021	<u>167,034</u>	<u>20,967</u>	<u>40,086</u>	<u>228,087</u>

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

15. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 April 2021 and 31 March 2022	86
Impairment	
At 1 April 2021 and 31 March 2022	—
Carrying amount	
At 1 April 2021 and 31 March 2022	86
At 31 March 2021	86

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Powerplay Brands B. V.	Ordinary	100

The registered office of Powerplay Brands B.V. is:
Schiphol Boulevard 359-WTC D-11
1118 BJ Schiphol
Netherlands

16. Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Finished goods and goods for resale	6,849,446	3,024,135	6,849,446	3,024,135

17. Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	5,693,654	4,076,223	5,582,578	4,021,258
Amounts owed by group undertakings	—	—	286,244	147,940
Prepayments and accrued income	877,706	465,729	877,706	465,729
Directors loan account	435	—	435	—
	6,571,795	4,541,952	6,746,963	4,634,927

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

18. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	383,769	401,552	357,077	399,379
Accruals and deferred income	2,956,415	1,829,719	2,944,514	1,829,719
Corporation tax	501,823	486,089	501,823	486,089
Social security and other taxes	474,612	400,955	478,201	401,747
Import loan	2,416,323	618,981	2,416,323	618,981
Invoice discounting account	1,460,896	98,749	1,460,896	98,749
Other creditors	4,958	10,439	4,958	10,439
	<u>8,198,796</u>	<u>3,846,484</u>	<u>8,163,792</u>	<u>3,845,103</u>

The import loan is secured by a debenture including fixed and floating charges over the company's assets.

The invoice discounting loan is secured by a charge over the company's trade debtors.

19. Provisions

Group and company	Deferred tax (note 20) £
At 1 April 2021	41,707
Additions	<u>9,972</u>
At 31 March 2022	<u>51,679</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Included in provisions (note 19)	<u>51,679</u>	<u>41,707</u>	<u>51,679</u>	<u>41,707</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Accelerated capital allowances	<u>51,679</u>	<u>41,707</u>	<u>51,679</u>	<u>41,707</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £37,820 (2021: £29,603).

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>—</u>	<u>149,910</u>	<u>—</u>	<u>149,910</u>

23. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>67</u>	<u>67</u>	<u>67</u>	<u>67</u>

24. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and Loss account - This reserve records retained earnings and accumulated losses

25. Analysis of changes in net debt

	At 1 Apr 2021	Cash flows	At 31 Mar 2022
	£	£	£
Cash at bank and in hand	<u>662,792</u>	<u>(67,461)</u>	<u>595,331</u>

26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Not later than 1 year	247,843	249,154	247,843	249,154
Later than 1 year and not later than 5 years	<u>404,027</u>	<u>649,520</u>	<u>404,027</u>	<u>649,520</u>
	<u>651,870</u>	<u>898,674</u>	<u>651,870</u>	<u>898,674</u>

27. Contingencies

At the year end the company and group had forward currency contracts of £Nil (2021: £2,899,181).

Powerplay Brands Limited Group

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

28. Directors' advances, credits and guarantees

Included within debtors due within one year is a director's current account balance of £435 (2021: £Nil). This balance is unsecured, interest free and repayable on demand.

29. Related party transactions

Group and company

The company and group is under the control of M.R. Samuels who is the sole shareholder.

During the year a dividend of £1,200,000 (2021: £1,500,000) was paid to the shareholder who is a director of the company.