

Company Registration No. 06911054 (England and Wales)

**SCENT GLOBAL LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2021**

# SCENT GLOBAL LTD

## COMPANY INFORMATION

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**Director** Atul Thakrar

**Company number** 06911054

**Registered office** 1st Floor, Cloister House  
Riverside  
New Bailey Street  
Manchester  
M3 5FS

**Auditor** Lopian Gross Barnett & Co  
1st Floor, Cloister House  
Riverside  
New Bailey Street  
Manchester  
M3 5FS

**Business address** 6 Dallas Court  
Salford  
M50 2GF

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# SCENT GLOBAL LTD

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# SCENT GLOBAL LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 28 FEBRUARY 2021**

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The director presents the strategic report for the year ended 28 February 2021.

### **Principal Activity**

The principal activity of the Company is wholesaler of health and beauty goods.

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

The director believes that the Company is a leading wholesaler of health and beauty products due to the quality of customer service and excellent working relationships with customers, together with a broad product range.

Turnover for the year ended 28 February 2021 increased to £47,047,470 (2020: £44,889,039), an increase of 4.81%.

The Company has again increased sales through managing and developing its existing customer base and acquiring new customers, and through expanding the breadth and depth of its stock base.

The company is looking to improve results year on year.

### **Principal risks and uncertainties**

The Company operates in a competitive market place but the director remains confident that appropriate strategies are in place to deal successfully with the risks encountered in this environment.

The Company trades with customers and suppliers around the world and manages the risks inherent in its activities.

The Company is exposed to foreign exchange rates in the fact that it buys and sells a proportion of its goods in foreign currencies. The exchange rate exposure is monitored by the business on a regular basis and the Company has put in place foreign exchange contracts to mitigate the risks it faces.

Sales receipts from customer are largely on credit terms and processes and insurance are in place to ensure that credit risk is minimised.

### **Key performance indicators**

Key Performance Indicators are turnover and gross profit percentage.

On behalf of the board

Atul Thakrar

**Director**

29 November 2021

# SCENT GLOBAL LTD

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 28 FEBRUARY 2021

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The director presents his annual report and financial statements for the year ended 28 February 2021.

#### Principal activities

The company's principal activity continued to be that of the wholesaler of perfumery, cosmetics and accessories.

#### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

#### Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Atul Thakrar

#### Auditor

The auditor, Lopian Gross Barnett & Co, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Energy and carbon report

The chosen intensity measurement ratio is total gross emissions in kwh.

<i>Energy consumption</i>	2021 kWh	2020 kWh
Aggregate of energy consumption in the year		
- Gas combustion	988,401	919,170
- Electricity purchased	479,264	505,243
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	1,467,665	1,424,413
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# SCENT GLOBAL LTD

## DIRECTOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 28 FEBRUARY 2021**

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### Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies 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 company will continue in business.

The director is 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. He is 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.

### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Fair review of the business and future developments and also Principal risks and uncertainties.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Atul Thakrar  
**Director**

29 November 2021

# SCENT GLOBAL LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SCENT GLOBAL LTD

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#### Opinion

We have audited the financial statements of Scent Global Ltd (the 'company') for the year ended 28 February 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 28 February 2021 and of its 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 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 director with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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.

# SCENT GLOBAL LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SCENT GLOBAL LTD

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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

- adequate accounting records have not been kept, 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.



## SCENT GLOBAL LTD

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF SCENT GLOBAL LTD

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- We obtained an understanding of laws and regulations that affect the entity, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations.
- Where considered necessary we enquired of the those charged with governance, reviewed correspondence and reviewed meeting minutes for evidence of non-compliance with relevant laws and regulations.
- We gained an understanding of the controls environment which includes the controls in place to prevent and detect fraud. We enquired of the those charged with governance about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures to assess compliance with relevant laws and regulations.
- We enquired of those charged with governance about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

**Jonathan Brodie ACA (Senior Statutory Auditor)**  
**For and on behalf of Lopian Gross Barnett & Co**

30 November 2021

**Chartered Accountants**  
**Statutory Auditor**

1st Floor, Cloister House  
Riverside  
New Bailey Street  
Manchester  
M3 5FS

## SCENT GLOBAL LTD

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	2021 £	2020 £
Turnover	3	47,047,470	44,889,039
Cost of sales		(40,221,728)	(37,765,590)
<b>Gross profit</b>		<b>6,825,742</b>	<b>7,123,449</b>
Administrative expenses		(4,420,930)	(4,849,013)
Other operating income		106,152	-
<b>Operating profit</b>	<b>4</b>	<b>2,510,964</b>	<b>2,274,436</b>
Interest receivable and similar income	7	139,665	44,367
Interest payable and similar expenses	3	(1,368,981)	(1,070,152)
<b>Profit before taxation</b>		<b>1,281,648</b>	<b>1,248,651</b>
Taxation	10	(241,988)	(239,299)
<b>Profit for the financial year</b>		<b>1,039,660</b>	<b>1,009,352</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## SCENT GLOBAL LTD

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2021

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	2021	2020
	£	£
Profit for the year	1,039,660	1,009,352
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,039,660</u>	<u>1,009,352</u>

# SCENT GLOBAL LTD

## BALANCE SHEET

AS AT 28 FEBRUARY 2021

		2021		2020	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		5,104		4,565
Tangible assets	12		624,059		591,038
			<u>629,163</u>		<u>595,603</u>
<b>Current assets</b>					
Stocks	13	26,424,966		27,408,960	
Debtors	14	15,678,117		11,242,149	
Cash at bank and in hand		986,371		859,281	
		<u>43,089,454</u>		<u>39,510,390</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(27,512,284)</u>		<u>(26,849,978)</u>	
<b>Net current assets</b>			<u>15,577,170</u>		<u>12,660,412</u>
<b>Total assets less current liabilities</b>			<u>16,206,333</u>		<u>13,256,015</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(12,878,146)		(10,982,384)
<b>Provisions for liabilities</b>			<u>(62,111)</u>		<u>(47,215)</u>
<b>Net assets</b>			<u><u>3,266,076</u></u>		<u><u>2,226,416</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		10		10
Profit and loss reserves			<u>3,266,066</u>		<u>2,226,406</u>
<b>Total equity</b>			<u><u>3,266,076</u></u>		<u><u>2,226,416</u></u>

The financial statements were approved and signed by the director and authorised for issue on 29 November 2021

Atul Thakrar

Director

Company Registration No. 06911054

## SCENT GLOBAL LTD

### STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 28 FEBRUARY 2021*

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 March 2019</b>	10	1,217,054	1,217,064
<b>Year ended 29 February 2020:</b>			
Profit and total comprehensive income for the year	-	1,009,352	1,009,352
	<hr/>	<hr/>	<hr/>
<b>Balance at 29 February 2020</b>	10	2,226,406	2,226,416
<b>Year ended 28 February 2021:</b>			
Profit and total comprehensive income for the year	-	1,039,660	1,039,660
	<hr/>	<hr/>	<hr/>
<b>Balance at 28 February 2021</b>	10	3,266,066	3,266,076
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# SCENT GLOBAL LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	22	(914,568)		(1,866,968)	
Finance costs		(1,368,981)		(1,070,152)	
Income taxes paid		(201,009)		(212,998)	
<b>Net cash outflow from operating activities</b>		(2,484,558)		(3,150,118)	
<b>Investing activities</b>					
Purchase of intangible assets		(2,398)		-	
Purchase of tangible fixed assets		(260,069)		(419,406)	
Interest received		139,665		44,367	
<b>Net cash used in investing activities</b>		(122,802)		(375,039)	
<b>Financing activities</b>					
Repayment of bank loans		2,734,450		3,658,152	
<b>Net cash generated from financing activities</b>		2,734,450		3,658,152	
<b>Net increase in cash and cash equivalents</b>		127,090		132,995	
Cash and cash equivalents at beginning of year		859,281		726,286	
<b>Cash and cash equivalents at end of year</b>		986,371		859,281	

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 28 FEBRUARY 2021**

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### **1 Accounting policies**

#### **Company information**

Scent Global Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1st Floor, Cloister House, Riverside, New Bailey Street, Manchester, M3 5FS.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

#### **1.2 Going concern**

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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), 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.

#### **1.4 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	20% Straight Line
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#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% Straight Line
Plant and equipment	20% Straight Line
Fixtures and fittings	20% Straight Line
Computers	20% Straight Line
Motor vehicles	20% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.



# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

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### 1 Accounting policies

(Continued)

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

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 company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives 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 finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

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### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.15 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

## SCENT GLOBAL LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Sale of goods	47,012,156	44,888,775
Other income	35,314	264
	<u>47,047,470</u>	<u>44,889,039</u>

	2021	2020
	£	£
Turnover analysed by geographical market		
UK	26,684,795	29,858,931
Rest of the world	20,362,675	15,030,108
	<u>47,047,470</u>	<u>44,889,039</u>

	2021	2020
	£	£
Other significant revenue		
Interest income	139,665	44,367
Grants received	106,152	-
	<u>245,817</u>	<u>44,367</u>

#### 4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(106,152)	-
Fees payable to the company's auditor for the audit of the company's financial statements	23,015	20,607
Depreciation of owned tangible fixed assets	219,660	133,733
Loss on disposal of tangible fixed assets	7,388	-
Amortisation of intangible assets	1,859	3,952
Operating lease charges	68,000	68,000
	<u>303,360</u>	<u>226,292</u>

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Staff	64	62
Director	1	1
Total	65	63

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,084,653	2,048,660
Social security costs	157,781	162,924
Pension costs	93,581	90,249
	2,336,015	2,301,833

### 6 Director's remuneration

	2021 £	2020 £
Remuneration for qualifying services	150,000	150,000

### 7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Other interest income	139,665	44,367

### 8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	491,216	127,671
Interest on invoice finance arrangements	400,582	399,079
Other interest on financial liabilities	477,183	543,402
	1,368,981	1,070,152

## SCENT GLOBAL LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

#### 9 Interest payable and similar expenses

Included within interest payable and similar expenses £477,183 (2020 - £543,402 ) of interest payable on long term loans. The interest is accrued on a daily basis but is not payable until the agreed settlement date, the earliest being July 2028.

#### 10 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	231,787	196,100
Adjustments in respect of prior periods	(4,695)	-
	<u>227,092</u>	<u>196,100</u>
Total current tax	<u>227,092</u>	<u>196,100</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	14,896	43,199
	<u>14,896</u>	<u>43,199</u>
Total tax charge	<u>241,988</u>	<u>239,299</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	<u>1,281,648</u>	<u>1,248,651</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	243,513	237,244
Tax effect of expenses that are not deductible in determining taxable profit	1,312	5,899
Adjustments in respect of prior years	(4,695)	-
Permanent capital allowances in excess of depreciation	(13,038)	(47,043)
Deferred tax movement	14,896	43,199
	<u>241,988</u>	<u>239,299</u>
Taxation charge for the year	<u>241,988</u>	<u>239,299</u>

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

### 11 Intangible fixed assets

	Trademarks £
<b>Cost</b>	
At 1 March 2020	22,007
Additions - internally developed	2,398
	<hr/>
At 28 February 2021	24,405
	<hr/>
<b>Amortisation and impairment</b>	
At 1 March 2020	17,442
Amortisation charged for the year	1,859
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At 28 February 2021	19,301
	<hr/>
<b>Carrying amount</b>	
At 28 February 2021	5,104
	<hr/>
At 29 February 2020	4,565
	<hr/>

### 12 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 March 2020	243,822	151,151	75,184	669,602	28,392	1,168,151
Additions	50,476	25,291	2,085	182,217	-	260,069
Disposals	-	-	-	(64,204)	-	(64,204)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2021	294,298	176,442	77,269	787,615	28,392	1,364,016
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>						
At 1 March 2020	153,639	76,801	47,743	278,241	20,689	577,113
Depreciation charged in the year	52,994	31,272	15,037	114,679	5,678	219,660
Eliminated in respect of disposals	-	-	-	(56,816)	-	(56,816)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2021	206,633	108,073	62,780	336,104	26,367	739,957
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>						
At 28 February 2021	87,665	68,369	14,489	451,511	2,025	624,059
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2020	90,183	74,350	27,441	391,361	7,703	591,038
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

### 13 Stocks

	2021 £	2020 £
Finished goods and goods for resale	26,424,966	27,408,960

### 14 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	12,827,793	7,784,490
Other debtors	2,749,380	3,333,677
Prepayments and accrued income	100,944	123,982
	15,678,117	11,242,149

### 15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	17	10,728,014	10,153,564
Trade creditors		11,413,680	14,008,571
Corporation tax		217,017	190,934
Other taxation and social security		98,423	42,037
Other creditors		4,800,179	2,211,995
Accruals and deferred income		254,971	242,877
		27,512,284	26,849,978

The bank loans and overdrafts above are secured by fixed and floating charges over the company's assets.

Bank loans include a CBILS loan of £2,700,000, the portion due within one year being £540,000.

### 16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	2,160,000	-
Non bank loans		10,718,146	10,982,384
		12,878,146	10,982,384

The long-term loans are secured by fixed charges over the assets of the company. These charges were created on 1 July 2016.

Bank loans include a CBILS loan of £2,700,000, the portion due after one year being £2,160,000.

Amounts included above which fall due after five years are as follows:



# SCENT GLOBAL LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

### 16 Creditors: amounts falling due after more than one year (Continued)

Payable by instalments	2,160,000	-
Payable other than by instalments	10,718,146	10,469,287
	<u>12,878,146</u>	<u>10,469,287</u>

### 17 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>12,888,014</u>	<u>10,153,564</u>
Payable within one year	10,728,014	10,153,564
Payable after one year	<u>2,160,000</u>	<u>-</u>

The long-term loans are secured by fixed and floating charges over the company's assets.

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	<u>62,111</u>	<u>47,215</u>
<b>Movements in the year:</b>		2021 £
Liability at 1 March 2020		47,215
Charge to profit or loss		<u>14,896</u>
Liability at 28 February 2021		<u>62,111</u>

### 19 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>93,581</u>	<u>90,249</u>

## SCENT GLOBAL LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

#### 20 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	10	10	10	10

#### 21 Related party transactions

At the balance sheet date the company owed £nil (2020 - £548,096) to Landgold Capital Ltd, a company controlled by Mr A Thakrar, director. Interest has been charged on this loan at what the director views as a commercial rate. The movement represents loan repayment in full.  
Consultancy services of £65,000 (2020 - £63,000) were purchased from Landgold Capital Ltd in the year.

At the balance sheet date the company was owed £23,818 (2020 - £21,718) by Pebbles Creative Ltd, a company controlled by Mr A Thakrar, director.

At the balance sheet date the company was owed £2,516,227 (2020 - £2,297,611) by Davka Beauty Pty Ltd, a company controlled by Mr A Thakrar, director. During the year the company sold goods to the value of £446,058 and purchased goods to the value of £190,222 from Davka Beauty Pty Ltd. Interest has been charged on loans at what the directors view as a commercial rate.

#### 22 Cash absorbed by operations

	2021	2020
	£	£
Profit for the year after tax	1,039,660	1,009,352
<b>Adjustments for:</b>		
Taxation charged	241,988	239,299
Finance costs	1,368,981	1,070,152
Investment income	(139,665)	(44,367)
Loss on disposal of tangible fixed assets	7,388	-
Amortisation and impairment of intangible assets	1,859	3,952
Depreciation and impairment of tangible fixed assets	219,660	133,733
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	983,994	(8,367,185)
Increase in debtors	(4,435,968)	(2,539,482)
(Decrease)/increase in creditors	(202,465)	6,627,578
<b>Cash absorbed by operations</b>	<b>(914,568)</b>	<b>(1,866,968)</b>

## SCENT GLOBAL LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 28 FEBRUARY 2021*

**23 Analysis of changes in net debt**

	<b>1 March 2020</b>	<b>Cash flows</b>	<b>28 February 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	859,281	127,090	986,371
Borrowings excluding overdrafts	(10,153,564)	(2,734,450)	(12,888,014)
	<u>(9,294,283)</u>	<u>(2,607,360)</u>	<u>(11,901,643)</u>

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